



Social & Environmental Report
2011

Yazaki Group Corporate Policy

A Corporation in Step with the World A Corporation Needed by Society

Since its foundation, Yazaki's Corporate Policy has been the unchanging pillar that supports all business activities of the Yazaki Group despite the many changes that society has undergone.

Yazaki operates in accordance with a uniform philosophy and code of conduct.

These are based on its Corporate Policy to fulfill its responsibilities and mission as a manufacturer that provides only the highest quality products to anywhere in the world in the suitable time at a competitive cost.

Yazaki also seeks to be a multicultural corporation that develops in step with the world, and has created a unique corporate management style and corporate culture based on autonomy, equality, and harmony.

The Policy, therefore, is a shared principle that unites the Yazaki Group's global mission and values.

Fundamental Management Policy

In fulfilling our Corporate Policy, Yazaki Group activities are founded upon the following principles:

1. Increase company efficiency and provide the most value to our customers worldwide through continuous effort and the implementation of new concepts.
2. Uphold the law, respect regional cultures, and contribute to economic and social development.
3. Contribute to a prosperous future society through business focused on the environment and security.
4. Conduct business openly and fairly, and aim for coexistence and co-prosperity.
5. Care for people by creating a corporate culture that prioritizes individuality and team-work, while empowering people's dreams.



Photos of the biotope within Y-City, where the Yazaki World Headquarters are located.

Report Outline

Editorial policy

The Yazaki Corporation issued its first Environmental Report in fiscal 2002 for the purpose of disclosing information on its corporate activities to stakeholders and raising awareness of its social and environmental contribution activities among employees. In the following year, the report was renamed the Social and Environmental Report and content relating to social contribution activities was enhanced.

The Social & Environmental Report 2011 focuses on our activities and achievements from the perspectives of society and the environment. The two feature articles on "Tracing the origin and history of Yazaki's environmental efforts" and "Towards safe and comfortable eco-driving" accurately convey our fundamental attitude toward environmental protection. Additionally, our response (action to prevent recurrence) to the cease and desist order and surcharge payment order issued by the Japan Fair Trade Commission are detailed in this report.

Please visit our website

Please visit our website for more detailed information on our social and environmental activities, particularly for items marked "WEB," as shown here:

 <http://www.yazaki-group.com/ecology/>

Reporting period

Fiscal year 2010 (June 21, 2010 to June 20, 2011)

Organizations covered

All five Yazaki companies in Japan, plus overseas group companies and affiliates in Japan

Guidelines consulted

Environmental Reporting Guidelines 2007, issued by the Ministry of the Environment of Japan

Environmental Accounting Guidelines 2005, issued by the Ministry of the Environment of Japan

Sustainability Reporting Guidelines 2006, issued by the Global Reporting Initiative (GRI)

How to read the report

Definition of "fiscal year"

In this report, the term "fiscal year" used in the text in reference to activities and in graphs to show year-by-year change, refers to the fiscal year uniquely adopted by the Yazaki Group and corresponds to the period defined above under "Reporting period."

Reporting period

2010												from June 21	
Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.		
2011												through June 20	
Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.		

Terms used

Footnoted terms are explained at the bottom of the page on which they appear. For example:

*1 ELV Directive: an EU regulation concerning the disposal of automobiles

Reader response questionnaire

Please let us know your opinions and comments regarding this report by visiting the following websites (Japanese only)

<http://www.yazaki-group.com/ecology/questionnaire/>

Definition of other terms

"Yazaki Group" refers to group companies in and outside of Japan, while "Yazaki" indicates the five Yazaki companies within Japan. Exceptions are indicated where relevant.

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Tracing the origin and history of Yazaki's environmental efforts



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Company Overview

Yazaki is contributing to global communities through a variety of businesses.

The Yazaki Group consists of Yazaki Corporation, four domestic group companies, 87 overseas group companies, 69 domestic affiliates, and one public benefit corporation. Yazaki manufactures and sells automotive parts, electric wires, gas equipment, and air-conditioning equipment in Japan, and manufactures wire harnesses (assembled electric wires for automobiles) and other automotive parts overseas.

Company Overview

As of June 20, 2011

Company Name: Yazaki Corporation

Established: October 8, 1941

Representatives: Yasuhiko Yazaki, Chairperson
Shinji Yazaki, President

Address: Headquarters:
17th Floor, Mita Kokusai Building
4-28, Mita 1-chome, Minato-ku,
Tokyo, 108-8333 Japan
World Headquarters (Y-CITY):
Mishuku 1500, Susono City,
Shizuoka Prefecture, 410-1194 Japan

Capital: 3.1915 billion yen
(Yazaki Corporation is an unlisted company.)

Yazaki Group Companies in Japan:

Yazaki Meter Co., Ltd. (established in 1950)
Yazaki Parts Co., Ltd. (established in 1959)
Yazaki Electric Wire Co., Ltd. (established in 1963)
Yazaki Resources Co., Ltd. (established in 1964)

Yazaki Group Companies and Affiliates:

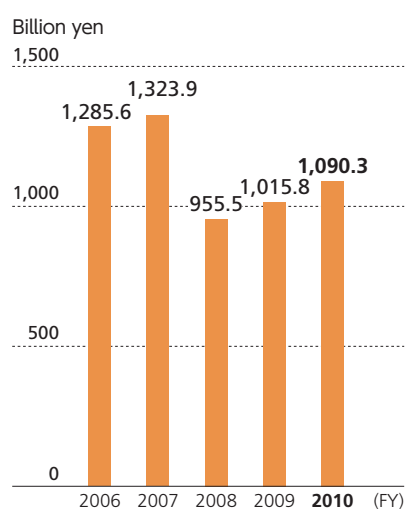
Group Companies	Total of 162
Group Companies in Japan	5
Overseas Group Companies	87
Affiliates in Japan	69
Public Benefit Corporation	1

Employees:

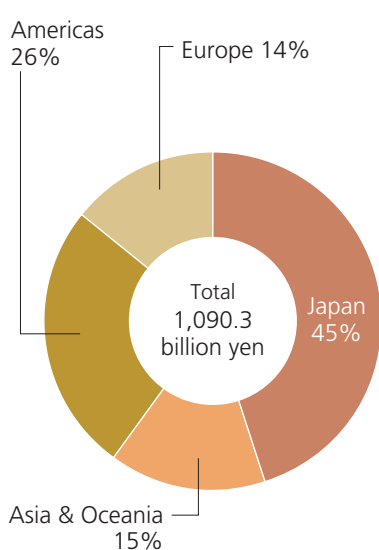
Total Number of Employees	192,541
Employees in Japan*	21,285
Overseas Employees	171,256

* Including employees at affiliates

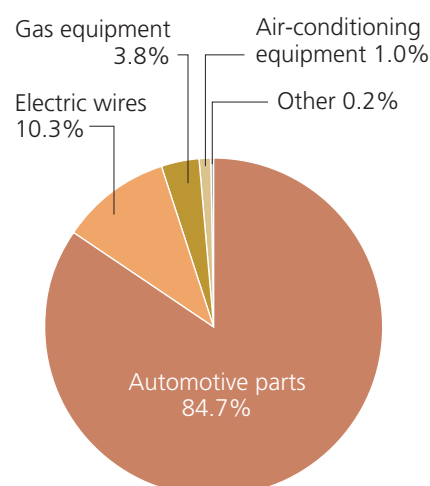
Net sales (consolidated)



Breakdown of net sales by region

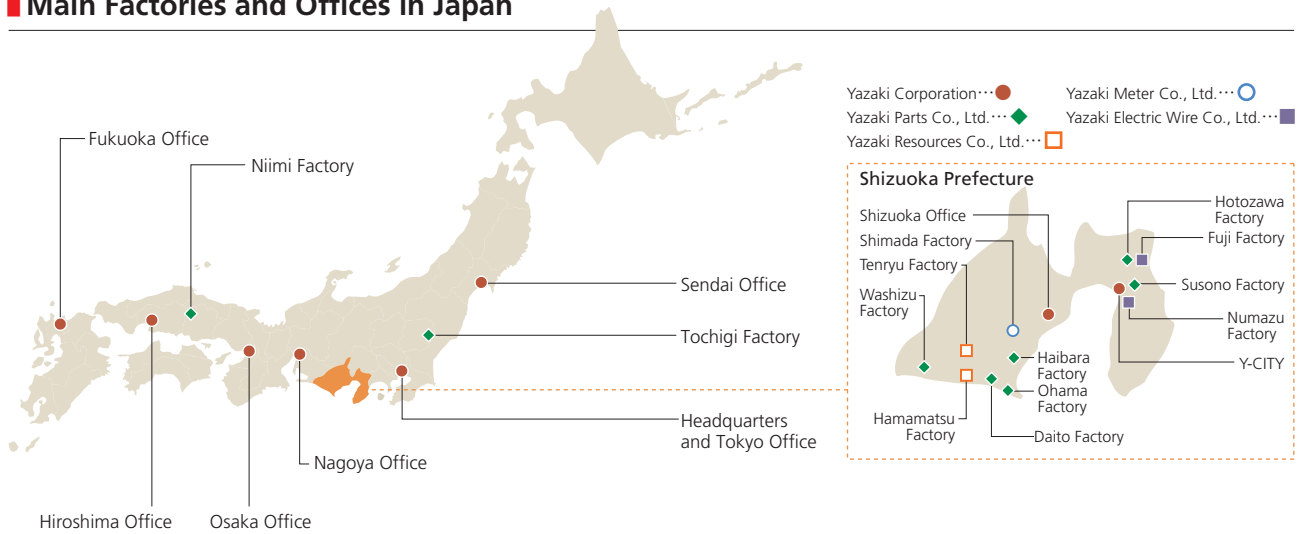


Breakdown of net sales in Japan

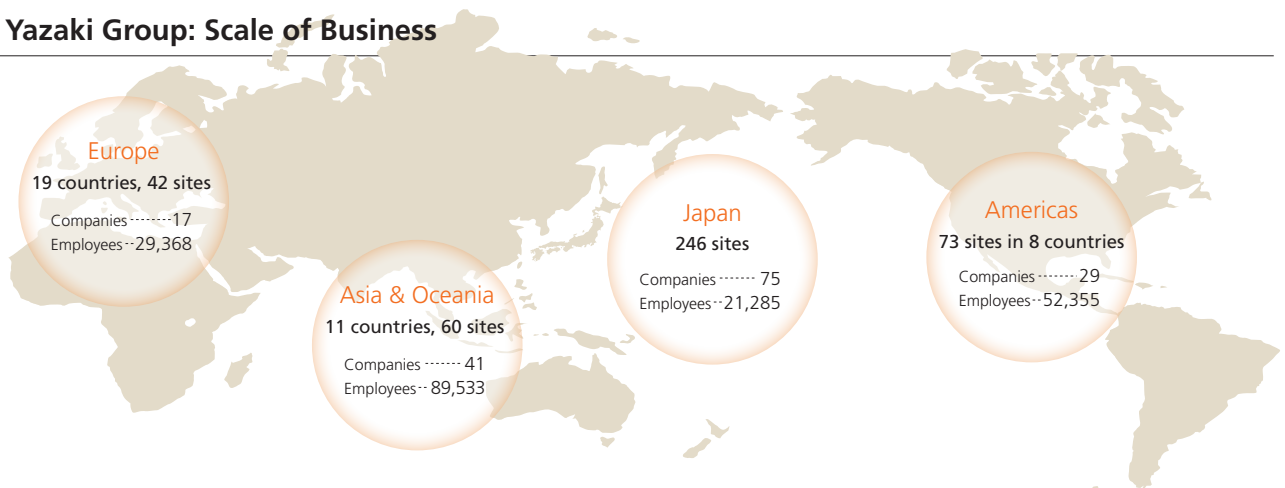


Note: The above pie chart shows the sales of Yazaki Corporation.

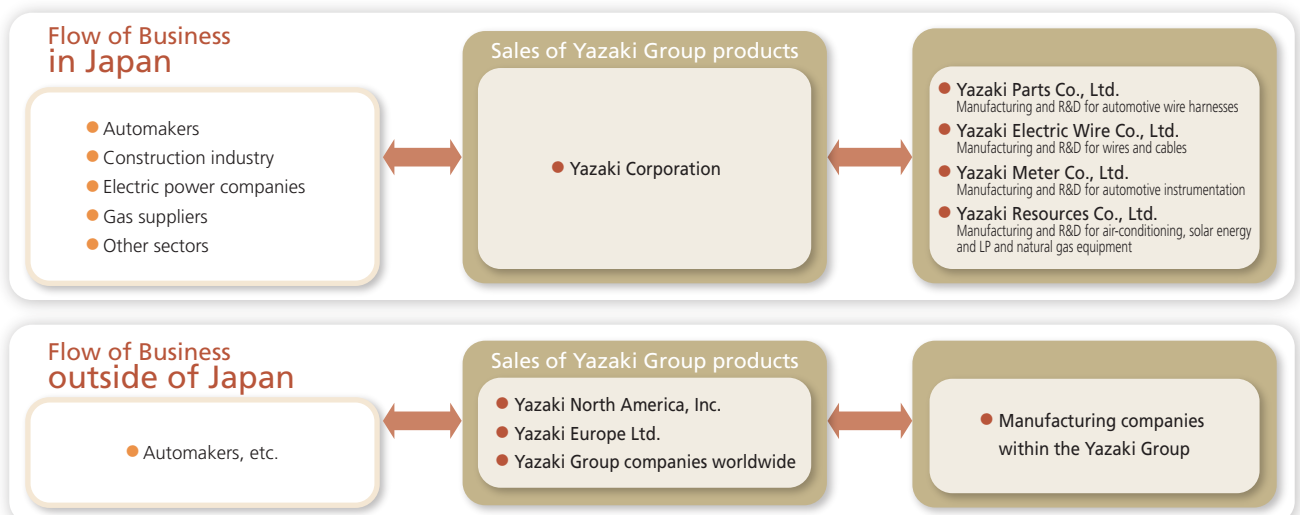
Main Factories and Offices in Japan



Yazaki Group: Scale of Business



Yazaki Group: Flow of Business



The Yazaki Group's Business Segments

Yazaki's broad range of products make life more comfortable.

Based on its Corporate Policy of "A Corporation in Step with the World; A Corporation Needed by Society," the Yazaki Group supplies products and services related to equipment and devices used in everyday life, including automotive equipment such as wire harnesses, as well as electric wires, solar-powered equipment, air-conditioning equipment, and gas equipment. In addition, we are continuing to pursue safety, better living and environmental conservation through the launch of new initiatives in the areas of nursing care and recycling, among others.

Connecting cars

Yazaki provides a wide range of products including wire harnesses (sometimes called the nervous systems of automobiles), meters, and other devices that support car electronics.

Wire harnesses

Wire harnesses are tightly bundled, lightweight electronic information circuits that provide electrical power and signals.



1 Wire harnesses



2 Electronic parts

Meters

Efforts to improve readability and design have enabled us to provide drivers with safety, security, and a pleasant driving experience.



3 Meters

General transportation products

As a specialized manufacturer of automotive equipment that supports safe and eco-friendly driving, we are contributing to traffic accident prevention and environmental conservation.



4 Digital tachographs



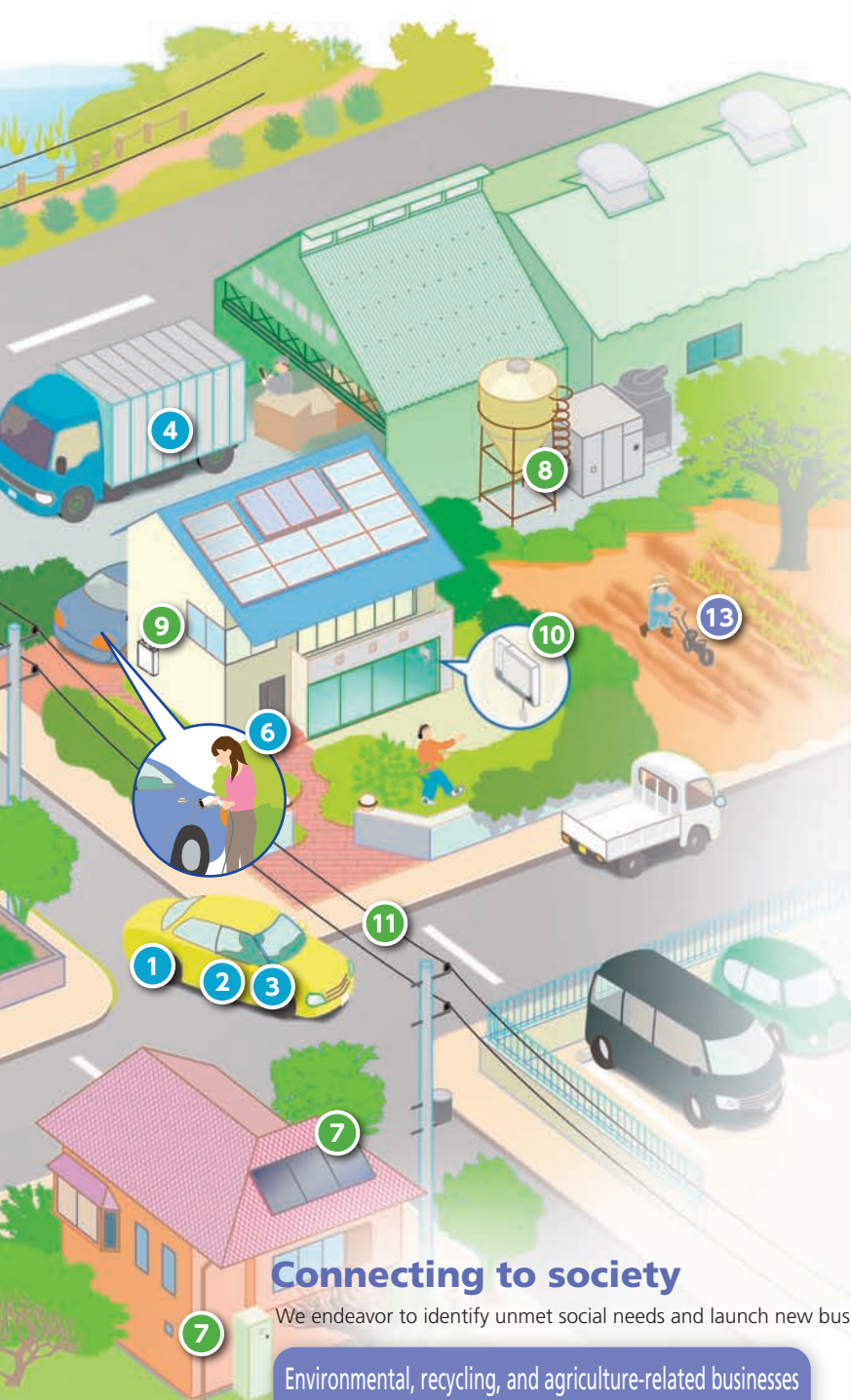
5 Taxi meters

Charging connectors

Yazaki's charging connectors are indispensable for charging EVs and PHEVs.



6 Charging connectors



Connecting to people

By providing equipment that runs efficiently on gas, electricity, or solar power, we are contributing to the enrichment of society.

Solar-powered equipment

With over 40 years of experience in providing solar-powered equipment, we continue to meet the needs of customers.



7 Eco Solar Type II, a solar-powered system that can be connected to a hot water service

Air-conditioning units

Water coolers/heaters powered by solar heat, waste heat, or other environmentally friendly energy sources.



8 Bio-Aroace, fueled by wooden pellets

Gas equipment

We provide a variety of gas equipment including gas meters, residential fire alarms, and more to ensure the security and safety of our customers.



9 U-Smart gas meter

10 Smoke sensor/ fire alarm

Electric wires

We are a pioneer in environmentally friendly (halogen- and lead-free) electric wires and recently obtained Ecoleaf label certification.



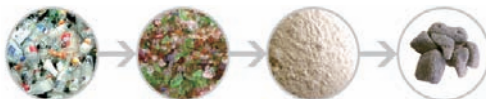
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Connecting to society

We endeavor to identify unmet social needs and launch new businesses that contribute to society.

Environmental, recycling, and agriculture-related businesses

We are promoting various recycling initiatives, such as recycling glass to produce lightweight civil engineering materials. At the same time, we are working on improving efficiency in farming by developing seed drills and unique gel-coated seed technologies.



13 Supersol R, made of waste glass

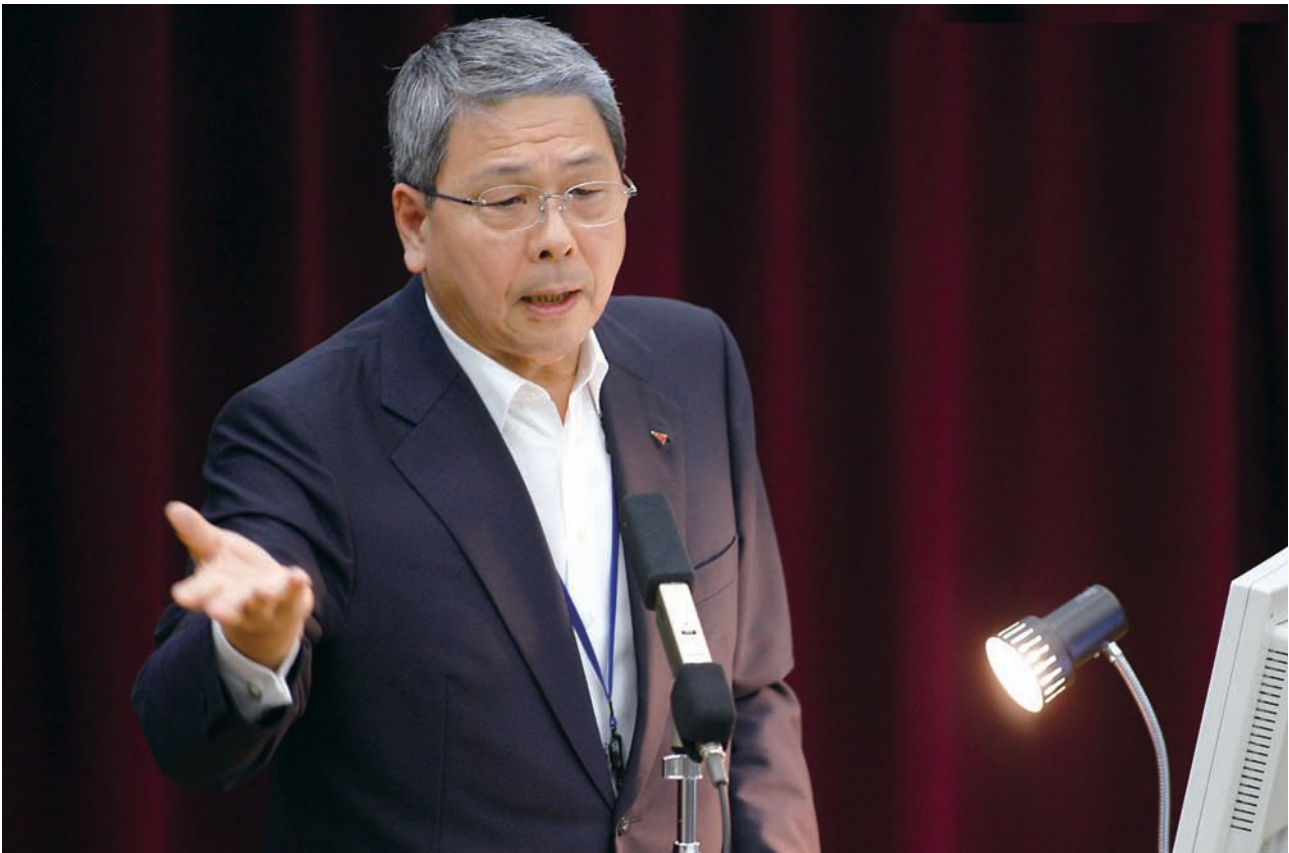
Nursing care

We operate community-based nursing homes at nine locations in Japan.



12 Kami Fusen Care Center, Y-CITY

Thorough compliance and responding to change continue to be our foundation for responding to future challenges as a company



The Great East Japan Earthquake in March had an enormous impact not only on the affected areas but on the entire nation. Our thoughts and prayers are with the victims, as are our hopes for their swift and complete recovery. After the earthquake, we made an immediate check for damages at all our production, sales and development operations around the country. We found that some buildings in east Japan were damaged, for instance the ceiling had fallen in at a few facilities, but fortunately no one was injured.

Yazaki Group employees and operations shall of course endeavor to help each other, and in the spirit of “One for All, All for One,” we shall also strive to support the restoration and reconstruction of regional communities.

■ Looking back on fiscal 2010

Yazaki's performance was favorable in the first half of the 70th fiscal year thanks to reduced taxes and eco-car subsidies in Japan, smooth recovery in the West, and growth in the BRICs*¹ countries. Despite the serious impact of the Great East Japan Earthquake in March and the expiration of preferential government incentives, Yazaki also succeeded in achieving fiscal year results as planned in the second half thanks to brisk overseas sales.

Nonetheless, I regret to report that we have received from Japan's Fair Trade Commission a cease and desist order and surcharge payment order related to transactions involving electric wire and construction cable in contravention of the Japanese Antitrust Law. Moreover, gas equipment and automotive-related products are currently under investigation, the latter in particular also being scrutinized by authorities in Europe and the United States.

Needless to say, we are taking this situation very seriously and are currently intensively engaged in companywide actions to prevent a recurrence.

Specifically, the Board of Directors approved a declaration of compliance in December 2009. With that in mind, we have made a thorough review of internal business systems, in addition to which we have launched a companywide compliance project tackling structures, rules, education and all other aspects to ensure that there will be no recurrence.

We remain committed to thorough compliance, and I shall personally take the lead in raising awareness of compliance among all employees as we strive from now on to work in a way that we can be proud of.

*1 Brazil, Russia, India and China

■ Coping with change together

We recognize that the BRICs-led rapid economic development of emerging markets and the Middle Eastern movement toward democracy is being accompanied by a rise in various risks.

In response to these risks, to begin with we must clarify what we as a company can and cannot do, then establish a system that can respond quickly in acute situations. This must be positioned as one of our most important responsibilities.

As a major pillar of the Yazaki Group, our efforts in the coming years will be crucial to laying the foundation for the future of the Automotive Sector. Until now the automotive industry was thought of as a broad base of suppliers that provided stable production and delivery of parts focused on the carmakers. Unfortunately, this earthquake revealed the presence of elements of instability that were capable of causing delays and stoppages in production, distribution, sales and all other areas. Applying the lesson learned from this experience, I would like to raise proposals designed to create a more stable industry in the future. With that in mind, while striving for the further globalization of our development and technology functions, I want the Yazaki Group to continue providing products that truly serve

our customers' needs based upon a thorough understanding of the unique market requirements of each country and region.

Another pillar of our business, the Life Environmental Sector, has until now been actively promoting the creation of products that run on solar, gas and a variety of other energy sources. We firmly believe that the energy policy review currently underway in many countries around the world will spur increased demand. Accordingly, bearing in mind the pursuit of the best mix of energy, the Yazaki Group will take advantage of its unique strengths to further expand the market.

In 2010, the Yazaki Group celebrated its 70th anniversary. As in the past, we shall continue to cope with change together, striving to live up to our Corporate Policy of being "A Corporation in Step with the World; A Corporation Needed by Society."

■ Solutions for the next generation

I believe that it is the task of business to anticipate and respond to the future needs of stakeholders; in other words, business creates the solutions for the next generation's problems. To this end, the Yazaki Group is actively engaged in a number of new businesses, among them recycling, health care and agriculture. For creating jobs, responding to the needs of the community, and contributing to local environmental conservation, these businesses have been recognized for the important role they play in corporate social responsibility activities. In an ever-changing world, Yazaki has always sought to contribute to society by resolving issues related to global waste, irrationality and inconsistency. By maintaining two-way communication with our stakeholders, we shall continue to dedicate our efforts to these and other vital concerns in the future.



Shinji Yazaki
President, Yazaki Corporation

Toward Thorough Compliance

In accordance with its corporate philosophy, Yazaki is reinforcing its employees' awareness toward thorough compliance and revitalizing its business as a socially responsible company.

Basic concept

Forming part of its Corporate Policy, "A Corporation in Step with the World; A Corporation Needed by Society," the Yazaki Group's Fundamental Management Policy states our commitment to "Uphold the law, respect regional cultures, and contribute to economic and social development." This statement emphasizes our positioning of compliance as the basis of our corporate activities.

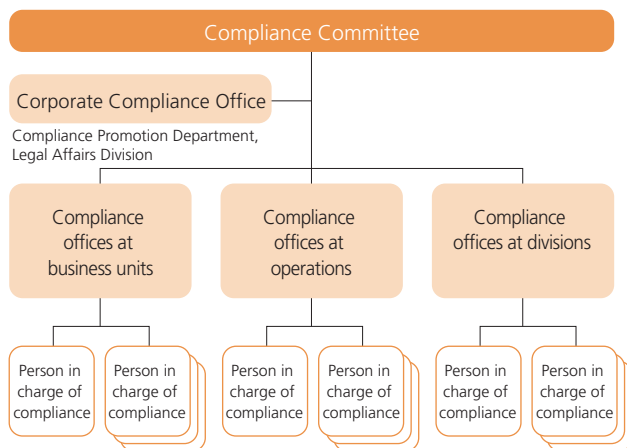
Based on this commitment, Yazaki not only ensures that each and every executive and employee strictly obeys all applicable laws and regulations but also expects them to develop a strong understanding of corporate ethics and to conduct business activities in a fair and responsible manner. We believe this is what gives us the flexibility to adapt and respond to changing social expectations.

Organizational structure to ensure compliance

Yazaki established a Compliance Committee in October 2010 to develop and reinforce its organizational structure to ensure compliance. Positioning the Compliance Promotion Department in the Legal Affairs Division as the secretariat, this committee formulates and issues fundamental policies and in-house regulations relating to compliance as well as stipulating training plans.

In addition, compliance offices were set up at all business units, operations and divisions. The office conducts compliance training, monitors various efforts to reinforce the compliance system, and reports the progress to the Compliance Committee.

Organizational chart



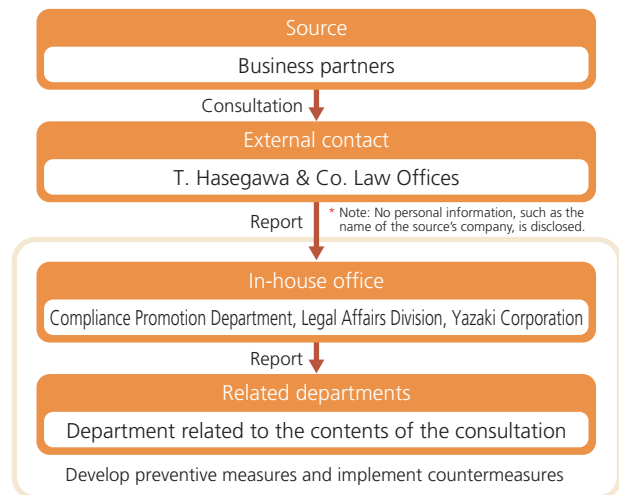
* Note: A compliance officer is designated at production sites where necessary.

System to protect whistle-blowers

Yazaki has operated "YAZAKI ai," a whistle-blower protection program, since April 2006 to facilitate the detection and early rectification of compliance-related issues. Accessible by all employees within the Yazaki Group, including those of subsidiary companies, the system provides a means of reporting to and consulting with both internal and external operators.

In addition to this, Yazaki established the Yazaki Group Consultation Contact Point for Business Partners at an external law firm in March 2008. This enables our partners to report wrongdoings or violations by companies within the Yazaki Group with respect to laws such as the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (commonly known as the "Antitrust Law") or the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors (the "Subcontract Act") and concerns regarding the behavior of individual Yazaki employees.

Flow of reporting via the Yazaki Group Consultation Contact Point for Business Partners



Yazaki Group Consultation Contact Point for Business Partners

- **Mailing address:** Yazaki Group Consultation Contact Point for Business Partners, T. Hasegawa & Co. Law Offices, Room No. 201, Marunouchi Mitsui Building, 2-2-2 Marunouchi, Chiyoda-ku, Tokyo, 100-0005
- **TEL:** +81-3-5288-1151
- **E-mail address:** yazaki@hasegawa-law.jp

Compliance training

Yazaki provides its executives and employees with various group seminars and training programs tailored to each job grade.

Compliance training in FY 2010

	Type	Target employees
Training for different job grades	Training for executives	Operating officers or above
	Management training	Newly assigned managers and leaders
	Training for different job grades	Employees promoted to each job grade
	New employee training	New employees
Other training	Antitrust Law training	Sales, purchasing, R&D and other sections
	Subcontract Act training	In-house Subcontract Act auditors, purchasing, production and other sections
	Compliance training	Operations, development and other departments
	Training prior to overseas transfer	Employees assigned to work at overseas sites

Report on the cease and desist order and the order for payment of surcharge issued by the Japan Fair Trade Commission for violation of the Antitrust Law

Response to violation and preventive measures

Yazaki was issued with a cease and desist order and an order for payment of surcharge by the Japan Fair Trade Commission for violating the Antitrust Law on November 18, 2010 in relation to transactions involving three types of wires for specified construction and electrical appliances, and on July 22, 2011 in relation to transactions involving specified VVF cables.

Having worked hard to promote legal compliance and ethical corporate behavior, Yazaki took the receipt of these orders very seriously. We are determined to further reinforce our compliance system to make absolutely certain this will not happen again.

Establishment of organizational structure

Upon the launch of the Japan Fair Trade Commission's investigation into the violation of the Antitrust Law, Yazaki formed a compliance project team within the General Affairs and Personnel Division with the aim of strengthening compliance functions. (The project was later transferred to the Legal Affairs Division on January 21, 2011.)

In addition, Yazaki established the Compliance Promotion Department under the Legal Affairs Division on June 21, 2011 to address the further development of the in-house compliance system.

Establishment of rules and regulations

Yazaki stipulated new provisions concerning compliance with the Antitrust Law and its own code of conduct,

including rules that restrict contact with competitors, on October 21, 2010. The provisions regarding compliance with the Antitrust Law clearly state that employees involved in violating the law may be subject to disciplinary dismissal. The company also added a note that violation of the Antitrust Law would be reason for disciplinary dismissal to its corporate working rules.

Each section has developed its own rules for administering these provisions and regulations. The compliance offices set up at all business units, operations, and divisions conducted briefing sessions for all relevant personnel and started operating the system within all sections of the Yazaki Group.

Training for employees

Yazaki has already conducted special training on the Antitrust Law for members of our sales division. We will make further efforts to raise employee awareness regarding compliance by conducting training on a regular basis and expanding the scope of target participants.

To further raise our employees' awareness of the rules, we will monitor the progress of their training as well as their contact with competitors. Furthermore, the Legal Affairs Division will conduct internal audits in the future.

These activities will be regularly reported to the Compliance Committee for evaluation and further improvement.

Upon violation of the law

As an operating executive in charge of compliance promotion, I was profoundly saddened to learn of the Antitrust Law violations and would like to express my sincere apologies to our stakeholders for any concern or inconvenience we may have caused.

In addition to implementing various countermeasures to prevent recurrence, I believe we need to ask ourselves once again what compliance really is.

The word "compliance" literally means obeying laws. Taking the literal definition too much to heart, however, may give us the idea that we can do anything we like, provided we remain within the law.

Most of people do not violate laws in their daily lives. This, I believe, is because even leaving laws aside, most people prefer to have good relationships with others and try to live up to the expectations of those around them by behaving in a sensible way. The same can be said of corporate compliance, that is, the behavior expected of employees. In pursuing

corporate compliance, we need to routinely observe laws and regulations and, as part of this, to admonish employees who act in a solely self-serving manner. In doing this, we recognize and seek to be worthy of the expectations of our stakeholders. I believe our Corporate Policy, "A Corporation in Step with the World; A Corporation Needed by Society," is directly connected to our practice of compliance.

The Yazaki Group will work comprehensively to prevent recurrence on a groupwide basis. Simultaneously, we will make further efforts to raise employee awareness of the importance of compliance in terms of building better relationships with our stakeholders and strengthening the fabric of our corporate culture.



Keiichi Umebayashi
Division Manager,
Legal Affairs Division
Operating Officer,
Yazaki Corporation

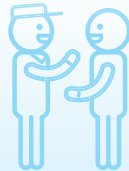
In Collaboration with Our Stakeholders



Placing its Corporate Policy—"A Corporation in Step with the World; A Corporation needed by Society"—at the foundation of all its activities, the Yazaki Group has been striving to contribute to the development of a better society. We continue to fulfill our corporate responsibilities, with a focus on further engagement in dialogue with our stakeholders.

Responsibilities toward Customers

Providing a stable supply of high-quality products



Ensuring compliance with European regulation in the Automotive Sector.



Meetings with partner shops are periodically held at the Electric Wire Division.

Responsibilities toward Business Partners

Conducting fair and open transactions



The Yazaki Supplier General Meeting was held to promote communication with suppliers.



A briefing session was held on quality assurance activities.

Yazaki Group

Responsibilities toward Employees

Creating a comfortable work environment



A summer camp was held for the children of employees.



Yazaki employees raised awareness on occupational health and safety through demonstrations.

Responsibilities toward Local Communities

Contributing to the development of local communities



Yazaki sponsored environmental initiatives hosted by a professional soccer team, Shimizu S-Pulse.



Yazaki's products and technologies were introduced at various exhibitions.



Initiatives for Increasing Customer Satisfaction

At Yazaki, our customers come first. This means we consistently provide our customers with a stable supply of high-quality products that consistently meet safety standards.

Fiscal 2010 Initiatives

1 Automotive Sector

- Conducted periodic review of the emergency communications flow chart
- Promoted the establishment of a chemical substance management system at domestic and overseas sites

2 Life Environmental Sector

- Launched a range of initiatives to ensure safety of products
- Conducted seminars for partnering distributors, hosted by the Electric Wire Division

Basic approach to fulfill our responsibilities to customers

The Yazaki Group manufactures and sells automotive parts and other products, including solar thermal conversion equipment, air-conditioning equipment, gas equipment, and electric wires.

We believe that it is our responsibility as a manufacturer to deliver “the highest quality products anywhere in the world on schedule and at a competitive cost.” To fulfill this responsibility, we require each and every one of our employees to think and act in a customer-oriented manner.

Automotive Sector

In order to meet a variety of customer requests, the Yazaki Group engages in the entire production process from R&D to final assembly. In the automotive sector, customer-specific business units are organized to accurately capture the needs of each customer and individually tailor our products and services to them. The requests and feedback we receive from our customers are then shared with all related departments within the Yazaki Group to improve existing products and develop new ones.

Additionally, business units collaborate with each other to fulfill their common corporate responsibilities such as ensuring legal compliance and providing customers with high-quality products.

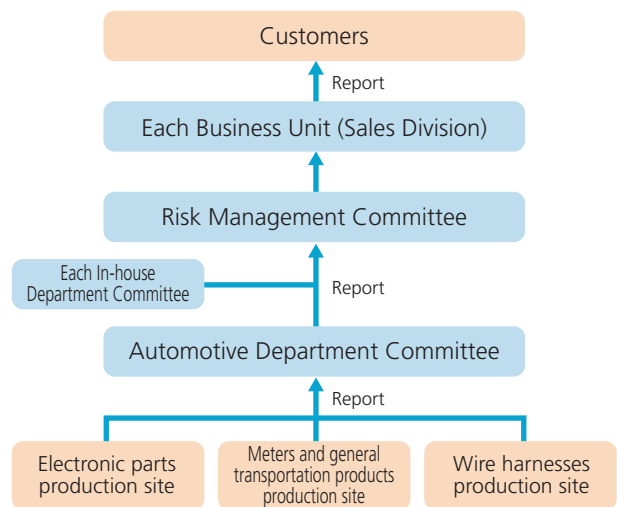
For instance, in order to ensure compliance with European ELV Directive^{*1} and REACH Regulation^{*2}, a chemical management database was developed and associated rules and procedures have been established.

Furthermore, our global environmental management structure has been strengthened (see page 35) to accurately and promptly respond to environmental survey requests from our customers. These initiatives have enabled us to understand the impacts we have on the environment.

As a manufacturing company, we have a serious responsibility to provide our customers with a stable supply of products no matter what circumstances may arise. We have therefore taken various measures that will enable us to cope during emergency situations, including by initiating immediate responses to earthquakes.

Fortunately, Yazaki Group did not suffer any casualties in the Great East Japan Earthquake on March 11, 2011, although some of our buildings were damaged. However, most of our major production bases in Japan are located in Shizuoka Prefecture in the Tokai region, an area that has a high possibility of experiencing a massive earthquake in the near future. Deeming this one of the biggest risks to our business, we will implement varieties of measures to minimize damage to our business and facilitate immediate recovery so as to not affect our customers.

Emergency communications flow chart for the automotive sector



*1 ELV Directive: an EU regulation concerning the disposal of automobiles

*2 REACH Regulation: an EU regulation concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals



Initiatives for Increasing Customer Satisfaction

Life Environmental Sector

■ Environment and energy equipment

The Environment and Energy Equipment Division, which produces solar thermal conversion equipment, air-conditioning equipment and gas equipment, consistently promotes product safety from the viewpoint of consumer protection in line with the Product Accident Information Report and Disclosure System—established following the amendment of the Consumer Product Safety Act, one of Japan’s four product safety laws*¹—and the Safety Inspection and Display System for Long-life Products.

Clearly positioning product accidents and recalls as the targets of our crisis management, we draw heavily on our crisis response manual, using it to reinforce our explanations to LP gas distributors as well as to share product safety awareness with them. We revised the manual based on the Recall Handbook issued by the Japanese Ministry of Economy, Trade and Industry and started using the revised manual in fiscal 2009.

To assure the safety of long-life products, Yazaki conducts periodic safety inspections. For example, we inspect our Arorizer LP gas vaporizers under ongoing maintenance contracts with our customers. We also perform inspections to guard against the toppling of aged products, such as our Yuwaita solar powered hot water system, by checking for any rusting, damage or loosening of parts.

The Environmental System Division, which is responsible for the Yuwaita and other environment-related equipment, has launched a call center operation in collaboration with Techno Yazaki Co., Ltd. a subsidiary that conducts maintenance services for air-conditioning equipment, including the Aroace. This enables us to respond promptly to inquiries from customers on weekday evenings, weekends and national holidays. Useful inquiries and suggestions from our customers are shared among our development and production divisions and sales agencies to help us improve our products.

Techno Yazaki also conducts service engineer training with the aim of improving its communications capabilities, maintenance skills and knowledge. Eighty-four engineers took part in the training in fiscal 2010. Senior employees within the company have also been attending external seminars to help them build a system that facilitates smooth internal and external operations. The seminar was held four times in fiscal 2010 with 17 employees participating.

The Environment and Energy Equipment Division will continue to increase opportunities for communicating with customers by improving service quality and actively providing suggestions for using our products in optimum conditions.

VOICE

Aiming to develop a good work environment by participating in leadership training offered by an external provider

The Basic Manager Training I took most recently was designed to help us develop a leader mentality and manner and present ourselves in such a way as to win the trust of our subordinates. Consisting of a three-night, four-day training camp where each day started at 6 a.m. and finished at 9 p.m., it was certainly a tough schedule. But it was a great opportunity to have a long, hard look at myself and see where I need to make improvements. It was extremely satisfying when my colleagues and I were finally able to complete a group assignment. Exercising the leader mentality I developed during the training, I will seek to identify the real meaning of my roles and responsibilities and to oversee smooth internal and external operations.



Tetsuya Matsuura
Techno Yazaki Co. Ltd.

■ Electric wire

The Electric Wire Division has conducted biannual seminars since 2002 for our partnering distributors*², companies with which Yazaki works directly. At these seminars, we provide basic information on electric wires and cables as well as explaining the features of new products. The seminars also provide opportunities for our partnering distributors from different regions to communicate with each other and let us know their needs and requests. In fiscal 2010, approximately 90 people participated in the November 2010 and March 2011 seminars.

The division conducts a customer satisfaction survey once in every two years to provide partnering distributors who cannot attend the seminars with an opportunity to give us their opinions. The opinions and requests received are then shared with the development and production divisions via the company intranet.



At a seminar for partnering distributors

*1 **Four product safety laws:** the Consumer Product Safety Act, the Electrical Appliance and Material Safety Law, the Act on the Securing of Safety and the Optimization of Transaction of Liquefied Petroleum Gas, and the Gas Business Act

*2 **Partnering distributor:** a general term applied to agents with strong business ties to the Yazaki Group



Seeking Mutually Beneficial and Harmonious Relationships

We conduct open and fair transactions with our business partners, sharing our policies and goals with them.

Fiscal 2010 Initiatives

- ① Held the Yazaki Supplier General Meeting (95 companies participated)
- ② Held a briefing session on the management and disposal of industrial waste (75 companies participated)
- ③ Revised the handbook for quality assurance and held a briefing session (138 companies participated)

The Yazaki Supplier General Meeting

Yazaki holds its annual Supplier General Meeting for suppliers to its materials, electronics/meters and wire harnesses divisions to promote relationship-building and the development of mutually profitable partnerships. It also requests cooperation in formulating and achieving common mid- and long-term goals and encourages two-way sharing of challenges and accomplishments.

At the General Meeting held in July 2010, which was attended by representatives of 95 of our suppliers, procurement policies were explained and achievement awards were presented. In addition, this year we hosted a technology exhibition titled "Responding to globalization,"*1 which provided us with an opportunity to exchange views with attendees and hear their suggestions.

We also hosted a tasting session for food materials produced under a new project. Suppliers were treated to snacks made by Niigata Parts Co. Ltd. while they listened to a presentation on our latest business efforts.



Address by Mr. Yazaki, the President of Yazaki Corporation

Briefing session on management and disposal of industrial waste

Yazaki is calling on its suppliers to develop and reinforce their waste management systems and asking them to assume responsibility for disposal of industrial waste.

With the enforcement of the revised Waste Management and Public Cleansing Act on April 1, 2011, the government tightened controls on businesses that generate industrial waste. In collaboration with E&E Solutions Inc., DOWA ECO-SYSTEM Co., Ltd. and ECO-SYSTEM JAPAN Co., Ltd. which all provide various environmental consulting services, Yazaki held a briefing session on the management and disposal of industrial waste in June 2011. Seventy-five suppliers attended the session to deepen their understanding of the revised waste management law and the issues related to waste management.



One of the briefing sessions

Briefing session on quality assurance

With the aim of helping our suppliers to enhance their understanding of Yazaki's basic policy on quality assurance and its compliance rules and procedures, Yazaki compiles a handbook on quality assurance and distributes it to our suppliers.

In September 2010, we held a briefing session on quality assurance and our handbook at Shimada Factory for suppliers to our Electronics/Meters Division with 138 companies participating. Topics covered included what is a quality assurance handbook, how to manage changes, check sheets for new product samples, and establishing an environmental management system. A lively question-and-answer session followed, indicating our suppliers' heightened awareness regarding quality assurance.



Briefing session for quality assurance handbook

*1 **Glocalization:** a word coined by combining the terms "globalization" and "localization." It means to think from a global perspective and act from a local perspective.



Recruitment and Promotion

In the recruitment and promotion of personnel, we actively implement policies designed to promote diversity.

Fiscal 2010 Initiatives

- 1 Re-employment of senior workers: 322 workers under the "Anchor-person System" and 128 under the "Elderly-person System"
- 2 Reinforcement of the support system for employees with disabilities
- 3 Global recruiting: Hired 67 employees from 19 countries

Basic personnel policies

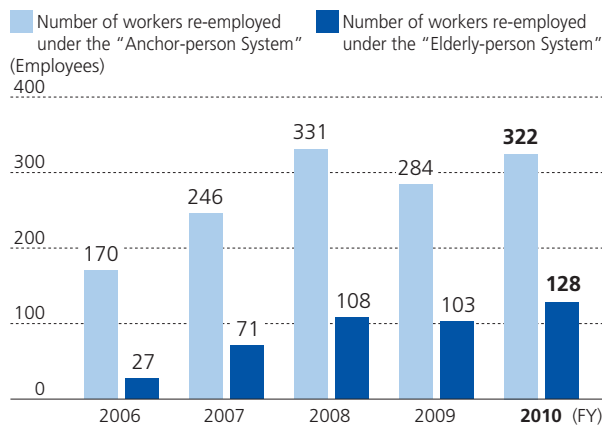
In the recruitment and promotion of its workforce, the Yazaki Group promotes respect for the human rights and dignity of each individual and the fair and impartial treatment of all, regardless of nationality, gender or academic background. At the same time, it makes all efforts to provide its employees with job security.

Supporting senior, experienced workers

Upon reaching the mandatory retirement age, many employees find they are still in good health and highly motivated to work. At the same time, many workplaces require the extensive experience and strong skills these workers possess.

The Yazaki Group has adopted the "Anchor-person System"^{*1} for full-time employees and "Elderly-person System"^{*1} for non-regular employees to provide re-employment opportunities after retirement age. In fiscal 2010, the number of re-employed workers under the

Number of workers re-employed under the Anchor-person and Elderly-person Systems



Note: The number represents the total of renewed and new contracts.

*1 The "Anchor-person System" applies only to regular, full-time employees and the "Elderly-person System" applies to non-regular employees.

"Anchor-person System" was 322 (including 108 newly contracted) and 128 (including 49 newly contracted) under the "Elderly-person System."

Employment of workers with disabilities and expanding the scope of positions offered

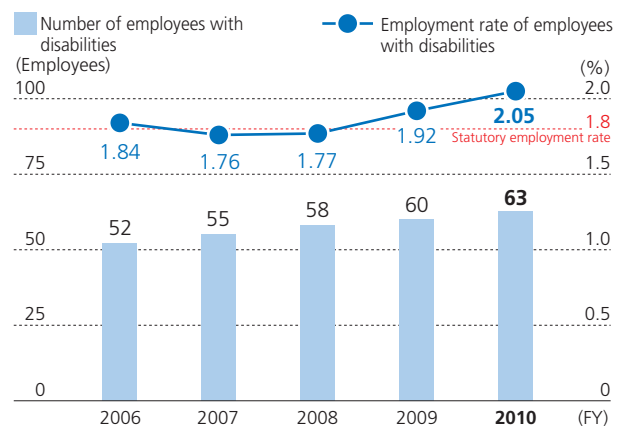
The Yazaki Group is making efforts to further boost employment opportunities for all by promoting the development of a workplace environment that allows each person, regardless of ability, to live up to their potential.

Yazaki Corporation established Yazaki Business Support Co., Ltd. as a special-purpose subsidiary company^{*2} in April 2005. With the help of career counselors, who provide job, lifestyle and psychological support for employees with disabilities, the company makes efforts to secure stable employment for and to expand the scope of jobs available to people with disabilities.

In fiscal 2010, the task of data entry for medical check-ups performed on employees assigned to work outside Japan was newly outsourced to the company. In addition, the training of employees, which had been outsourced to specialists outside the Group, is now internally conducted by in-house specialists so that trainers can provide better support to employees with disabilities based upon their own understanding and familiarity with the work environment.

The Yazaki Group is committed to continue these efforts so that employees with disabilities are able to work in a more comfortable workplace with greater motivation and enhanced knowledge.

Number and rate of employment of employees with disabilities



*2 Special-purpose subsidiary company: a subsidiary established to employ people with disabilities. Employees with disabilities who work for the special-purpose subsidiary company are employed by the parent company.



Human Resources Development

We are expanding our training and evaluation systems to develop a world-class workforce.

Fiscal 2010 Initiatives

- 1 Conducted training to foster the development of evaluators and executive candidates
- 2 Hosted summer camps in Japan and overseas
- 3 Conducted Yazaki corporate culture training
- 4 Provided opportunities for direct dialogue between top management and employees

A transparent, easily understood employee evaluation system

With the aim of boosting the motivation and job satisfaction of our employees, Yazaki operates an open and transparent evaluation system and provides employees with a clear picture of their performance. Under this system, all employees manage their own roles, goals and activities throughout the year and meet with their supervisors to evaluate their own performance. The system helps employees to identify both their strengths and weaknesses and to clarify, in conjunction with their supervisors, what action is needed to build upon their strong points and rectify failings. By repeating this process as an ongoing cycle, we manage the steady development of a skilled and highly motivated workforce.

In fiscal 2010, a management training program was provided to the newly appointed managers with the aim of helping them understand the purpose and concept of the personnel evaluation system and learn how to communicate during interviews with their subordinates. As part of the job-rank-specific training, a detailed program was provided to teach them how to help their subordinates establish goals and how to evaluate their performance.

After each training session, questionnaires were distributed to participants to collect their feedback, which was then used to improve future training and the employee evaluation manual.

Summer camp that provides children with learning opportunities

In line with its Corporate Policy, the Yazaki Group also focuses on fostering the development of the children of its employees. A pillar activity in this is our summer camp, which we have run since 1977.

The fiscal 2010 summer camp was held in Shizuoka Prefecture in Japan and 218 elementary school aged children of domestic Yazaki Group employees participated. We took them on a factory tour, hiking at Mt. Fuji, and camping at camp sites. They also traveled to Yusu-hara-cho in Kochi Prefecture and experienced making their own chopsticks and nametags out of wood from forest thinnings.

An overseas summer camp was conducted for 228 junior high school aged children of Yazaki employees in Japan. Participants chose their destination—either Tianjin and Beijing in China or Ho Chi Minh in Vietnam. Upon arriving at their destination, the participants learned about local culture by meeting local junior high school students and going on a factory tour.

A summer camp in Japan was also held for the children of overseas employees aged 14 or 15. They toured Asakusa and Odaiba in Tokyo to learn about Japanese culture and also visited a waste processing site to learn about the spirit of *Mottainai*.

These summer camps provide valuable opportunities not only for the participants but also for the hosting employees, who get to improve their communication skills.



Summer camp at Mt. Fuji

Yazaki corporate culture training

Yazaki corporate culture training is a human resource development program where local employees from overseas group companies are invited to Japan to acquire a better understanding of Yazaki's corporate culture through learning about Japanese culture and language. Over the one-year period of the course, trainees have the chance to communicate with numerous Japanese employees. When they return home, they will serve as a liaison between Japan and their own companies. A total of 189 employees have successfully completed the program thus far. Four employees participated in fiscal 2010.

Promoting communication between employees and the president and chairperson

Yazaki provides opportunities to promote mutual understanding between employees and the Group's president and chairperson. The two main opportunities are the "management dialogue" and "employee dialogue." During the management dialogue sessions, department managers meet with the president to discuss their ideas on how to manage their teams and workplaces. At the employee dialogue sessions, all employees in their fifth year at the company discuss the Group's principles and goals with the chairperson.

In fiscal 2010, four management dialogue sessions were held with a total of 24 participants and 15 employee dialogue sessions were held in which 184 employees participated.



An employee dialogue session



Creating an Employee-Friendly Workplace

We develop systems to improve work-life balance.

Fiscal 2010 Initiatives

- 1 Revised in-house regulations for the childcare leave system and system for employees who take nursing leave to care for family members to comply with the revised Act on the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave

Promotion of work-life balance

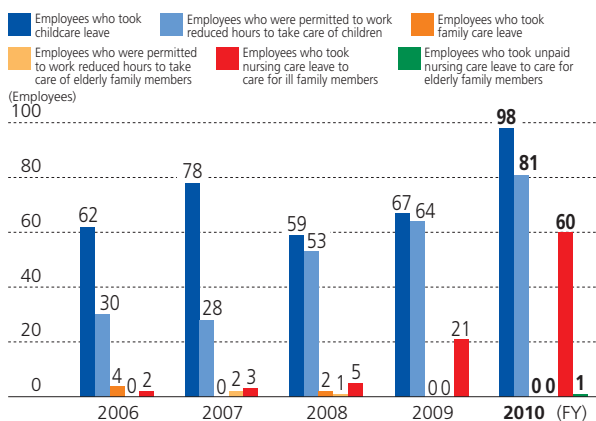
To support employees with parenting responsibilities, Yazaki stipulated an action plan based on the Act for Measures to Support the Development of the Next Generation to develop and improve in-house systems for employees who are raising children or taking care of family members. In addition, the action plan includes measures to expand opportunities for young employees to broaden their professional experience, increasing opportunities to communicate with our stakeholders, and developing summer camp programs. Seeking to become a company that plays an active role in shaping local communities and future generations, Yazaki will promote these activities in order to create a workplace environment where all employees can achieve their full potential.

Yazaki also ensures every employee is aware of relevant laws, regulations and the various in-house systems and provides additional information via an in-house publication



In-house publication, the YAZAKI News

Number of employees who took childcare leave and nursing care leave to care for elderly or ill family members



Holiday and leave systems related to work-life balance

The childcare leave system	Leave system for employees raising children, which includes elimination of nonscheduled work, restriction of overtime and late night work, reduction of working hours
The system for family care leave	Leave system for employees who take care of elderly family members, which includes restriction of overtime and late night work, reduction of working hours
The leave system for employees who take care of family members	Leave system for employees who are parents of pre-school age children—employees are permitted to take five days per year if they take care of one preschool age child; 10 days per year if they take care of two or more preschool age children (Salary paid; bonus not paid)
Unpaid nursing care leave to care for elderly family members	Leave system for employees with elderly family members who require nursing care—employees are permitted to take five days per year if they take care of one elderly family member; 10 days per year if they take care of two or more elderly family members (Salary and bonus not paid)
Backup holiday system	System that enables employees to use unused portion of paid holidays to receive long-term medical treatment, to take care of family members having medical treatment or to participate in volunteer activities
Refreshing holiday system	System for employees turning 40 or 50 to refresh themselves mentally and physically—i.e., discovering themselves again or finding a new purpose in life

and the company intranet. The number of employees taking childcare leave and working reduced hours to meet their parental responsibilities is increasing.

Enhancing trust between workers and management

In line with the principles of open dialogue and autonomy based on mutual trust between workers and management, the Yazaki Employee Labor Union works to improve the workplace environment for its members. In fiscal 2010, the Union revised the in-house system to comply with the revised Act on the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave.

The law was revised to develop a working style in which fathers can be more involved in childcare. Regarding the childcare leave system, the Yazaki Employee Labor Union changed the current system so that employees can take childcare leave until the child in question turns one year and two months old in cases where the employee is widowed or has separated from his/her spouse, thereby enhancing consideration for single-parent families (relief for vulnerable people).

The leave system for employees who take care of family members was revised to allow employees who are parents of preschool age children to take up to 10 paid holidays per year (with no lump sum payment) if they are taking care of two or more children, where it previously allowed only “five paid holidays per year if they are taking care of one child.”



- Objectives for safety, health, and fire and disaster prevention activities (FY 2010)
- Conducting ordinary life-saving seminars
- Risk management for employees transferred overseas

Occupational Safety and Health

We work together with employees to develop a culture of safety by maintaining safety and health under management-led initiatives.

Fiscal 2010 Initiatives

- 1 Reviewed the safety system and standards
- 2 Conducted safety training (558 employees participated)
- 3 Started implementation of workplace environment measures with the aim of promoting mental and physical health

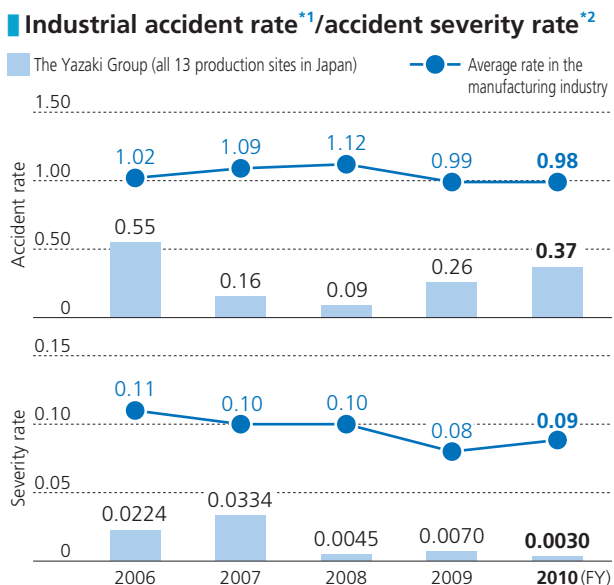
Yazaki Group's safety, health and disaster prevention activity

Simply complying with government regulations is of course important, but not sufficient to ensure workplace safety and health. It is important that the management, workplace leaders and all other employees work together to conduct safety, health and disaster prevention activities.

Acknowledging safety and health as two of the basic conditions for a good and happy life, the Yazaki Group has been developing a system to minimize the impacts of serious industrial accidents, fires, explosions, and massive natural disasters.

In fiscal 2010, a Yazaki subsidiary that suffered a serious incident in fiscal 2009 reviewed and revised its safety system, investigated the causes of the incident, and took preventive measures, such as informing all employees of restricted areas only accessible by authorized personnel.

To prevent the occurrence of such incidents across the entire



Note: The latest data for the industrial accident rate and accident severity rate (from fiscal 2010) is used.

*1 **Industrial accident rate:** the frequency rate, indicating the number of injuries per one million working hours
 Frequency rate = injuries/total working hours x 1,000,000 hours

Yazaki Group, we set up a working group comprised of selected members from domestic production sites and the subsidiary involved, and conducted examinations regarding current conditions, risk assessments, safety measures for facilities and employee education.

Using the data gathered in these activities, Yazaki will in the future review the uniform procedural standards for handling and inspecting facilities. In a more general sense, Yazaki will develop a culture of safety and health by thoroughly conducting workplace safety and health audits, legal and regulatory compliance checks and risk assessments as well as by implementing regular and special medical checkups including follow-up examinations and carrying out measures to promote mental health.

Safety education

While the improvement in safety in recent years through facility automation and operation standardization obviously has positive benefits, it has also given rise to concerns about the unintended consequence of employees becoming more complacent about safety.

Yazaki therefore conducts safety training sessions to help operators recognize the importance of correct operational procedures by simulating an industrial disaster. In fiscal 2010, 558 employees participated in the training. Following the sessions, participants reported that the training served to remind them of potential risks and that their safety awareness was improved.



Safety training session

Caring for mental and physical health

In addition to instigating regular medical checkups and improving overtime management, Yazaki in fiscal 2010 implemented workplace environment measures under which occupational health personnel oversee and improve the workplace environment based on the outcomes of employee health consultations, diagnoses, and stress tests.

Yazaki also conducted production line healthcare training for managers and invited psychologists to demonstrate autogenic training, cognitive therapy and stress relief to show employees how to better manage their own health.



Autogenic training session

*2 **Accident severity rate:** the severity rate, indicating the number of work days lost due to accidents per 1,000 working hours
 Severity rate = work days lost/total working hours x 1,000 hours



Communication with Stakeholders

We will consider the best ways to collaborate with local governments and residents and implement activities accordingly.

Fiscal 2010 Initiatives

- 1 Participated in various environmental conservation activities and reconstruction support activities through sports
- 2 Conducted "BOOK MAGIC" program to collect and sell used books
- 3 Actively participated in various trade fairs and exhibitions

Supported various environmental programs as an eco-partner of Shimizu S-Pulse

Shimizu S-Pulse, the first Japanese professional soccer team to receive an award from the Minister of the Environment (in the category of anti-global warming measures), conducts a variety of environmental programs, including the collection of paper cups at stadiums, as part of the S-Pulse Eco Challenge. In support of the club's goals, Yazaki joined the Shimizu S-Pulse Eco Partners program in 2011. Yazaki also contributed to the reconstruction support fund set up by Shimizu S-Pulse for victims of the massive earthquake in north eastern Japan, donating a total 281,110 yen, or the equivalent of 5 yen times the number of spectators plus 30,000 yen times the number of goals S-Pulse scored in three home games in April and May of 2011.



Turfing the grounds of elementary and junior high schools

BOOK MAGIC: transforming unwanted books into much-needed funds

BOOK MAGIC is the name of a voluntary social contribution program Yazaki conducts in partnership with JEN, a nonprofit organization based in Shizuoka Prefecture in Japan.

Under the program, money earned from the sale of donated books and CDs is used for building schools in



BOOK MAGIC poster

Afghanistan, Iraq and Sudan. Because the nature of the activity is such that anyone can easily participate, the entire Yazaki organization takes part in the program. Funds raised by the sale of books and other items collected from December 2010, when Yazaki started the activity, to June 2011 totaled 38,960 yen. Team BOOK MAGIC, an in-house team comprised of employees from domestic business sites, organizes the collection of the used books and other items.

Active participation in various exhibitions to improve the Group's brand image

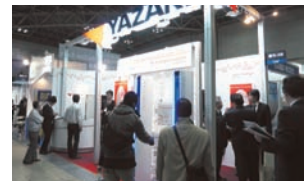
The Yazaki Group has been taking part in a variety of exhibitions and events, aiming to introduce its environmental and next-generation technologies, improve its brand image and acquire positive feedback that will motivate employees to develop new products.

At Messe Nagoya 2010, held at Port Messe Nagoya from October 27 to 30, 2010, for example, Yazaki exhibited woody biomass related technologies and solar-powered equipment. The same items were also exhibited at Eco-Products 2010, held at Tokyo Big Sight from December 9 to 11, 2010.

To demonstrate to the general public its technologies for recharging connectors for EVs^{*1} and PHVs^{*2}, for which Yazaki commands the world's largest market share, Yazaki participated in the EV & HEV^{*3} Drive System Technology Expo, held at Tokyo Big Sight from January 19 to 21, 2011, and the Automotive NEXT Industry Fair 2011, held at Tokyo Big Sight from June 15 to 17, 2011. At the Automotive Engineering Exposition, held at Pacifico Yokohama from May 18 to 20, 2011, the Yazaki Group outlined the direction of the Group's integrated technologies that link people, cars and living environments, mainly showcasing its recharging connectors for EVs and PHVs.



Eco-Products 2010



EV & HEV Drive System Technology Expo

*1 EVs: Electric Vehicles
*2 PHVs: Plug-in Hybrid Vehicles

*3 HEVs: Hybrid Electric Vehicles

The **70th** anniversary

Special Feature on the 70th Anniversary

Tracing the origin and history of Yazaki's environmental efforts



Since its foundation in 1941, the Yazaki Group, following in the footsteps of the company's founder, Sadami Yazaki, has made environmental conservation its highest priority. In this section, we trace Yazaki Group's environmental conservation efforts.

STORY 1 1957

Introduction of the Thomas furnace

Japan's first rotary melting furnace, known as the Thomas furnace, was first introduced at the Numazu Factory. Yazaki started extracting copper from its products for recycling.



STORY 2 1974

Completion of the world's first solar house

Yazaki was the first in the world to succeed in operating an air-conditioning system powered by solar heat. In 1974, it built a house equipped with the system. The company went on to launch its first commercial renewable-energy powered product, the Yuwaita solar-powered hot water system, in 1976.



1941

Yazaki Densen Kogyo K.K. was established. (Foundation of Yazaki Corporation)

Foundation

1929

Sadami Yazaki, the company's founder and first president, started business as a sole trader producing electric wires for automobiles.

1971

Iwao Kogyo Co., Ltd. established. Started collecting used electric wires.

1960

Started production of tachographs, which are installed in commercial vehicles to record driving data.

1996

Tenryu Factory acquired ISO 14001 certification, before the formal launch of the ISO system in Japan.

1981

Recycling of wooden electric wire drums started at Yawara Kogyo Co., Ltd.

1998

A biotope was built at Y-CITY headquarters.

2004

The glass recycling business was launched.

2008

Obtained approval to attach the EcoLeaf environmental label to Ecology Cable

2007

Sho Transportation started using BDF (biodiesel fuel) refined from used cooking oil.

2009

Obtained approval to attach the EcoLeaf environmental label to LP gas ultrasonic "U-Smart" gas meter

STORY 3 1999

Launch of digital tachographs

Digital tachographs, which record driving history with the aim of supporting eco-friendly and safe driving.



Digital tachographs

STORY 4 2006

Launch of a woody biomass community circulation model project in Yusuhara-cho, Kochi Prefecture

Yazaki launched a woody biomass community circulation model project in partnership with the town of Yusuhara-cho in Kochi Prefecture and a local forestry cooperative. Focusing on forest restoration, the company has been making efforts to create a low-carbon society by launching the Yusuhara Pellet Corporation, which produces wooden pellets, and developing the pellet-fueled Bio-Aroace.



Toward the future

Pursuing the ideal mix of energy

Yazaki has recently been working on developing and manufacturing recharging connectors and high-voltage wire harnesses for electric-powered EVs and PHVs. As part of its efforts to connect cars with living environments, Yazaki will continue to pursue the ideal mix of energy by taking advantages of the different characteristics of various types of energy.

Quick recharging connector for EVs



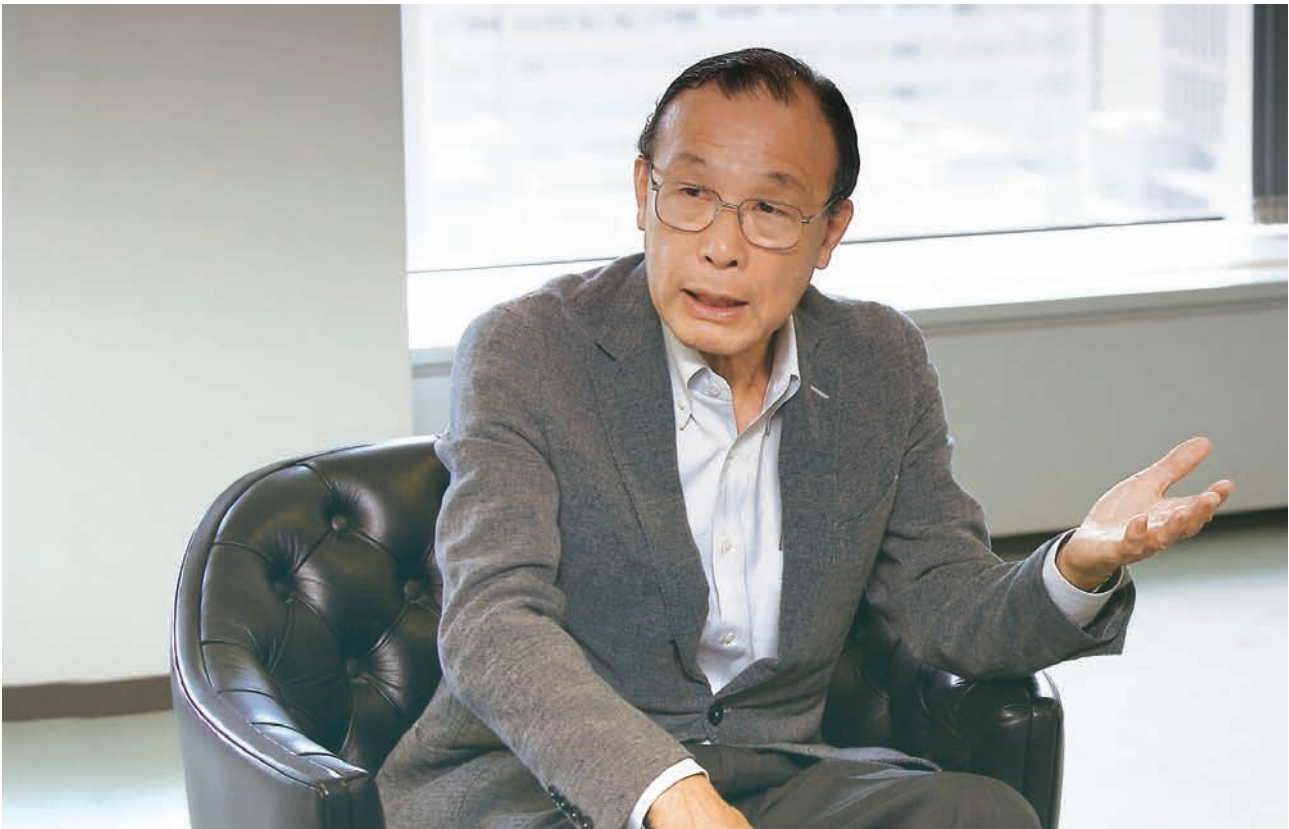
A Message from the President

In Collaboration with Our Stakeholders

A Message from the Chairperson

Global Environmental Initiatives

Recapture the “Yazaki Way,” and resolutely move forward



On March 11, 2011, a massive earthquake struck eastern Japan, inflicting the most extensive damage in the Tohoku region. Our thoughts and prayers are with all those who have suffered both directly and indirectly from this terrible disaster, as are our hopes for their swift and complete recovery.

■ After the Great East Japan Earthquake

Fortunately, there were no casualties among Yazaki Group companies; nevertheless, many operations were affected. After the earthquake I keenly felt a renewed appreciation for the invaluable relationships of mutual trust that we have built up over the years in the region, and for the people who have fostered our presence there. As we ourselves endeavor to recover, we shall also dedicate our efforts to supporting the recovery of the region.

As the recovery efforts progress, dealing with the stress suffered by the affected children

and treating their emotional scars will be one of the most serious issues we will have to face. Living in shelters, although they may act as if everything is fine, I understand that at night many are uneasy and burst into tears. It has also pained me to learn that there are many children who now hate the sea of their hometowns. This made me wonder about how, if only to reduce their suffering by even a tiny measure, the Yazaki Group’s expertise and experience might be put to use to help heal these children.

Later, I learned that Yusuhara Township in Kochi Prefecture was planning to invite the children who had been evacuated to Tamura City in Fukushima to Yusuhara Township in the hopes that interacting with nature and other people might ease their stress and heal their emotional wounds. Yusuhara Township is known for its vast forests. When I think of the sea, I think of the forest. The forest is the home of the sea, and it has the power to heal the wounds of the heart. It is my ardent wish that among the trees of Yusuhara these children will be able to reestablish that all-important bond

with the forest and the sea. For its support of “Yazaki Forest” and the “Yazaki Summer Camp” we are already so very grateful to Yusuvara Township, and we intend to do all in our power to support this endeavor.

■ Changing notions of common sense

The national crisis that we experienced in the wake of this great earthquake has greatly altered our notions of what constitutes common sense. For example, the accident at Fukushima Daiichi Nuclear Power Plant forced not only Japan, but every country in the world to radically re-evaluate its energy policies.

To align ourselves with these changing notions of common sense we need the courage to change the way we have thought and acted up until now. This is because how we overcome our present-day difficulties and build a better tomorrow will depend on how each of us acts each day.

Organizations such as companies must always be prepared to make structural changes. The Yazaki Group made an early entry into the field of renewable energy with its solar power, wood biomass and other products; however, in response to the future energy policies of Japan and other countries, aggressive research and development is needed more than ever before. Furthermore, in the automotive sector, along with the further development and popularization of electric cars, the pace of diversification of hybrid vehicles, fuel cell vehicles and other forms of energy will continue to accelerate. I strongly believe that the time has come for us to consider anew what we should do and what our mission is.

■ Recapture the “Yazaki Way”

In 2010, we received from Japan’s Fair Trade Commission a cease and desist order and surcharge payment order related to transactions involving electric wire and construction cable in contravention of the Japanese Antitrust Law.

Since the founder of this company, Sadami Yazaki, launched our automotive electric wire business, we have been committed

to the spirit of free competition; however, as time passed, without realizing it, our efforts gradually drifted away from upholding free competition toward what was easiest. In 2010, the year we celebrated our 70th anniversary, I truly regret that as a member of management I failed to sufficiently impart the spirit of our founder to our employees, and vow to promote such a dialogue from this time forward.

With compliance as its foundation, we must endeavor to create an environment in which all employees can recapture the “Yazaki Way,” and face any challenge fearlessly with the courage of their convictions.

■ In step with the community and environmental issues

Every year, more and more is demanded of companies regarding global warming measures, the management of hazardous materials and other environmental matters. We have always advanced environmental conservation activities in the “Yazaki Way,” moving slowly and steadily, more like the tortoise than the hare in the famous Aesop story. In the future, we will continue in our slow but steady way to assess the changes in society as we work actively on environmental conservation in step with the community.

We issue this Social & Environmental Report 2011 as part of our efforts to ensure accountability for the social and environmental conservation activities of the Yazaki Group, and with the aim of acquiring feedback from as many stakeholders as possible so that we can reflect their opinions to improve group activities. We sincerely look forward to receiving your candid opinions and comments.



Yasuhiko Yazaki
Chairperson, Yazaki Corporation

Global Environmental Initiatives



The Yazaki Group established the Yazaki Global Environment Charter in 1997 to clearly show its commitment and actions to protect the environment and enrich society undertaken in line with the Environmental Policy and the Action Guidelines. All employees take actions to realize the sustainable development of our society.

Yazaki Group Corporate Policy

A Corporation in Step with the World
A Corporation Needed by Society

Fundamental Management Policy

Contribute to a prosperous future society through business focused on the environment and security.
(The third principle of the policy)

Yazaki Global Environment Charter

(Adopted in 1997; revised in 2002 and 2006)

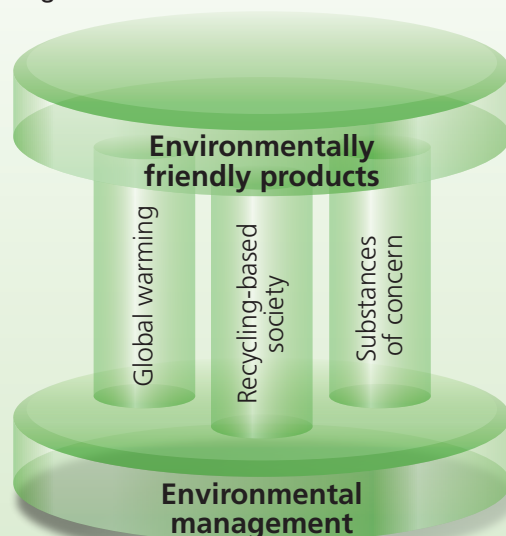
Environmental Policy

The Yazaki Group recognizes that the preservation of the global environment and its resources is a serious concern shared by all mankind. In line with our Fundamental Management Policy, we will strive to make the world a better place and work to enrich our society through environmentally sound business activities and employee volunteerism.

Action Guidelines

- 1. Enhance environmental management**
Raise environmental awareness among all employees and empower them as individuals to take responsible actions for environmental preservation
- 2. Take action to prevent global warming**
Achieve Yazaki's voluntary goal of reducing greenhouse gas emissions, which is based on the Kyoto Protocol
- 3. Promote the efficient use of resources towards the formation of a recycling-based society.**
Achieve zero landfill-destined waste and 100% use of recyclable resources
- 4. Reduce substances of concern**
Eliminate substances banned by laws and regulations
- 5. Develop environmentally friendly products**
Consider global warming, recycling, and substances of concern when developing products.

Organization of the Action Guidelines





Yazaki Environmental Plan

Yazaki sets goals based on important environmental items and annually reviews initiatives and achievements.

Evaluation of action items in fiscal 2010 and targets for fiscal 2011

Action item		Objective	Due	Achievements in fiscal 2010	Evaluation	Target for fiscal 2011	Page
Management of Chemicals	Response to REACH Regulation	<ul style="list-style-type: none"> Establish rules and procedures Align standards with European region 	2011	<ul style="list-style-type: none"> Rules and standards were established based on plans. Standards were scrutinized to identify items requiring alignment. 	○	<ul style="list-style-type: none"> Establish REACH rules and standards at production sites in Japan 	p. 27
	Response to ELV Directive	Establish global system to ensure compliance with the revision of Annex II of ELV Directive	2010	<ul style="list-style-type: none"> Audits were conducted in Japan to ensure switch-over. Progress of switch-over status in the Europe and Americas regions was confirmed. Methodology to comprehend chemicals contained in products was investigated. Completed the study on switch-over from lead-containing alloys 	○	<ul style="list-style-type: none"> Initiate response to the fifth revision of Annex II (identify target parts and study the alternative) 	p. 27
	Reduction of VOC	30% reduction from 2000	2010	<ul style="list-style-type: none"> Achieved 40.5% reduction on average at all factories 	○	<ul style="list-style-type: none"> Per-unit reduction of 1% from fiscal 2010 	p. 28
	Response to Regulations in China	Response to Chinese ELV and China's New Chemical Substance Management Law	2012	This objective was newly added for FY 2011. (No performance results)	—	<ul style="list-style-type: none"> Chinese ELV: Conduct legal trend survey, promote switch-over of products containing brominated flame retardant. China's New Chemical Substance Management Law: Establish rules and standards in Japan 	p. 27
Prevention of Global Warming	Response to Energy Conservation Law	Establish energy management system to ensure legal compliance	2011	<ul style="list-style-type: none"> A system was established to comprehend energy consumption. Standardized format was created for all facilities subject to the regulation. 	○	<ul style="list-style-type: none"> Continue this as a routine task at each site 	p. 29
	Reduction of CO ₂	15% reduction of emissions (five-year average over 2008–2012)	2012	<ul style="list-style-type: none"> 35.3% reduction in the three-year period from 2008 to 2010. 	○	<ul style="list-style-type: none"> Continue CO₂ reduction activities in Japan The progress of planned reduction activities is management's main focus. 	p. 29
		1% reduction of emissions per-unit year on year	—	<ul style="list-style-type: none"> One out of five companies achieved the target. The target was not achieved due primarily to the extreme heat over the summer and the reduction of production volume. 	△		
	Achieve Yazaki Group's global reduction target	2020	<ul style="list-style-type: none"> Establish policy and tentative global reduction target for 2020 	○	<ul style="list-style-type: none"> Validate the feasibility of the tentative reduction targets Investigate entirely new reduction initiatives and promote the visualization of the related costs 	p. 36	
Waste Management	Zero Landfill Waste	Achieve zero emissions based on the company's definition	2010	<ul style="list-style-type: none"> Production division: Maintained zero emissions except for one site Sales/administrative divisions: Achieved zero emissions 	△	<ul style="list-style-type: none"> Monitor the continuation of the zero emissions activities as an ongoing environmental compliance activity. On-site audits will be conducted to ensure implementation at each site. 	p. 30
Design for Environment	Adding Value to Products	100% implementation of evaluation	2011	<ul style="list-style-type: none"> Achieved 100% implementation of evaluation (target of this year was to achieve 90% implementation of evaluation) 	○	<ul style="list-style-type: none"> Maintain this activity as part of the routine tasks at each site 	p. 31–32
		Initiate "Product Environmental Indicator" evaluation		<ul style="list-style-type: none"> Appropriateness of the calculation methods was investigated by applying the calculation to representative products. 	○	<ul style="list-style-type: none"> Propose a plan to reduce environmental impacts of products at design stage Issue product environmental indicator guideline and start activities in accordance with it 	
Environmental Management	Environmental Communication	External Communication by Production Sites	—	<ul style="list-style-type: none"> Site reports were published and stakeholder meetings were conducted according to the plan. 	○	<ul style="list-style-type: none"> Continue to issue site reports and to hold stakeholder meetings Issue a guideline for the site report and revise the existing guideline on stakeholder meetings 	p. 33
	Environmental Education	Fostering Personnel to Promote Environmental Activities	—	<ul style="list-style-type: none"> All training has been completed as scheduled. The understanding of all participants exceeded 70%. 	○	<ul style="list-style-type: none"> Conduct companywide environmental and technical training Conduct additional training based on the needs at each site 	p. 26
	Environmental Compliance	Environmental Compliance	Environmental organizational structure is established, and environmental compliance is ensured by periodical audits.	2012	This objective was newly added for FY 2011. (No performance results)	—	<ul style="list-style-type: none"> Establish and strengthen the system to ensure legal compliance in Japan and other countries

Evaluation Standard: ○ =100% achieved, △ =more than 90% and less than 100% achieved, × =less than 90% achieved

A Message from the President

In Collaboration with Our Stakeholders

A Message from the Chairperson

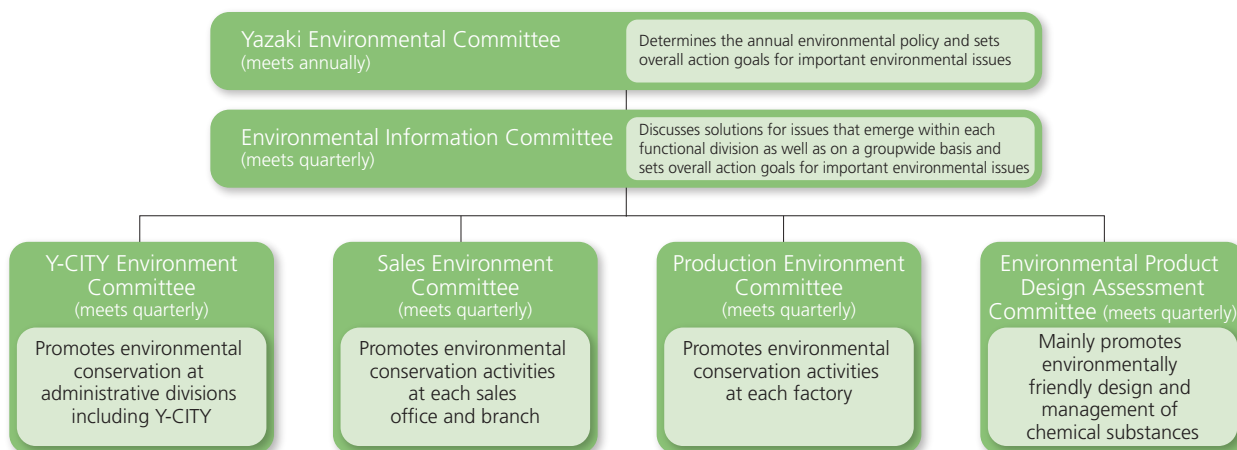
Global Environmental Initiatives



Environmental Management

The Yazaki Group has established an environmental management structure that encompasses the R&D, production, and sales divisions in order to continuously improve environmental performance on a groupwide basis.

Environmental Management Structure in Japan



Environmental accounting

Yazaki quantitatively identifies investments and expenses (environmental conservation costs) as well as effects in relation to environmental preservation efforts. In production and sales divisions, data are collected monthly through a computerized system. At the R&D division, data are collected on an annual basis to visualize the amount of investment going to developing environmentally friendly products. These data are collected in accordance with the Environmental Accounting Guidelines (2005) issued by the Ministry of the Environment in Japan.

The total environmental preservation costs in fiscal 2010 came to 3.46 billion yen, up 8.9% from the previous

fiscal year.

Economic effects due to environmental conservation amounted to 540 million yen, up 13% from the previous fiscal year. The increases are attributed to the increased buyout price of valuable materials such as metals and to the implementation of a variety of energy conservation activities triggered by the revised Energy Conservation Act in Japan. These activities include introducing inverters on compressors, installing energy-efficient lights, and others.

We are working on enhancing the accuracy of the data and improving the calculation method by revising the guideline.

Environmental protection cost

(in million yen)

	Investment	Cost	Total
Cost within Business Sites	30.2	259.0	289.1
Prevention of Pollution	12.5	73.0	85.5
Protection of Global Environment	12.7	13.7	26.4
Resource Circulation	2.8	147.0	149.8
Upstream and Downstream	0.0	217.0	217.0
Management	1.9	639.5	641.4
Research and Development	159.9	2,149.0	2,309.0
Social Activity	0.0	1.4	1.4
Damage to the Environment	0.0	0.0	0.0
Other Costs	0.0	1.7	1.7
Total	192.0	3,267.5	3,459.5

Economic effects due to environmental conservation

(in million yen)

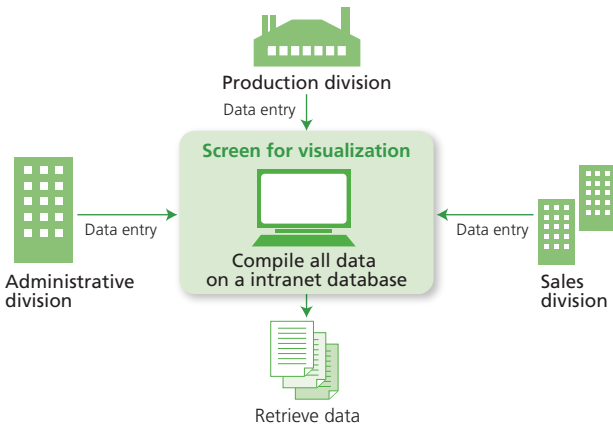
	Effects	Actual results	Pervasive cost	Total
Reduction of energy cost	Cost reduction from energy conservation	25.3	0.0	25.3
Sales of recyclable materials	Promotion of waste sorting to identify sellable and recyclable materials	507.1	0.0	507.2
Other	Reduction of work hours by outsourcing, installation of anti-vibration devices to press machines, etc.	0.3	6.9	7.2
Total		532.7	6.9	539.6

Utilizing the environmental data

Yazaki Group collects environmental data from production, sales, administrative divisions, and the affiliated companies. The environmental data, such as the input (energy and other resources) and the output (waste and other emissions), are used to promote comprehensive and effective environmental activities within the Group.

In fiscal 2010, we added a function onto our data

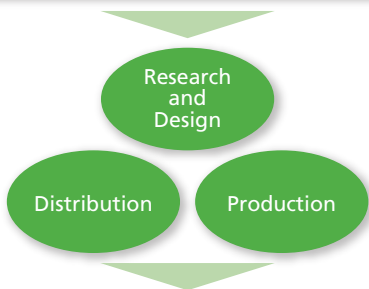
How the environmental data are collected



Environmental impact data

Resource and energy input

Materials: 255,000 tons Energy: 2.98×10^6 GJ
 Water consumption: 5,329,000 m³



Release of waste and substances

CO₂: 129,000 tons Waste volume: 4,971 tons
 PRTR designated Volume of recycled waste: 3,696 tons
 substances: 37 tons Landfilled waste volume: 68 tons

collection system in order to automatically calculate and generate reports required by the revised Energy Conservation Act. The new function reduced overall work hours, and also enabled visualization of the data.

Environmental education

The Yazaki Group uses unique environmental texts and its corporate intranet to provide employees with environmental education and raise the environmental awareness and knowledge of each worker.

In fiscal 2010, we made a revision of the “company-wide education systems” to improve the efficiency of education by removing duplicating educational contents and reconsidering the purpose of the training so that education and trainings are provided only to the necessary employees at the right timing.

In terms of the environmental education, it is categorized into “companywide environmental training” and “specialized environmental training.” And the purposes, scopes, and contents of both of the trainings were redefined clearly. The content of the companywide training was tailored for the types of employees (such as newly-hired employees, medium level employees, and managerial level). A total of 446 employees took the training. Specialized trainings, that include training for ISO 14001 internal auditors, were conducted to brush up the skills of 158 employees.

In addition, each business site conducts environmental trainings on an as-needed basis. The total number of educational items covered during fiscal 2010 was 247, which include trainings to assist employees to obtain environmental qualifications required by Japanese environmental laws.



Companywide environmental training



Management of Chemicals

Yazaki is endeavoring to manage substances of concern (SOCs) in an appropriate manner in order to both respond to the requests of our customers and to ensure thorough compliance with related laws and regulations.

Fiscal 2010 Initiatives

- ① Started activities to abolish the use of Deca-BDE*¹ in its products
- ② Reduced VOC emissions to 201.6 tons (reduced by 43% from the base year level)

Management and reduction of chemical substances contained in products

■ Responding to laws and regulations related to chemical substances

The Yazaki Group has been working on building a system to ensure at the design stage its compliance with laws and regulations related to chemical substances, such as the ELV Directive and the REACH Regulation.

To comply with the ELV Directive, the Yazaki Group has been implementing voluntary measures to eliminate the use of lead in its products since fiscal 2007. In fiscal 2010, it completely abolished the use of lead-containing

solder in all products targeted by the directive.

In compliance with the REACH Regulation, each department in the development and purchasing divisions have prepared individual regulations in line with their tasks and the targeted items, and reviewed operation procedures. Furthermore, Yazaki is continuing to work on developing a system to manage the amount of SVHC*² content in an integrated fashion for all divisions.

Under the global environmental management structure (refer to page 35), the Yazaki Group is responding steadily to recent international moves toward enhanced regulation of chemical substances, including enforcement of China's Provisions on Environmental Administration of New Chemical Substances*³, submitting notifications as required by the CLP regulation*⁴ in Europe, and reporting existing chemical substances based on Taiwan's Guidance for Existing Chemical Substance Nomination*⁵. At the same time, the Yazaki Group is reinforcing cooperation among group companies in various countries.

TOPICS

Development of simplified analysis method to identify specific brominated flame retardants using ultrasonic extraction and HPLC*⁶

To verify that our products do not contain specific brominated flame retardant, the Yazaki Group used to outsource precision analyses*⁷ of samples in which the substance was detected to external analysis institutions after screening by the XRF*⁸ analysis method. The XRF method, however, has been found to produce too many false positives and is costly in both time and money.

The Yazaki Group therefore developed a new qualitative analysis method that uses ultrasonic extraction

and HPLC, and introduced it as an additional screening step after the XRF analysis. The two-stage screening has facilitated the effective narrowing down of samples, cutting total analysis time and costs.

■ Qualitative analysis that uses ultrasonic extraction and HPLC



*1 **Deca-BDE:** a compound with 10 bromine atoms in a single molecule. It belongs to the class of substances known as polybrominated diphenyl ethers (PBDEs).

*2 **SVHC:** Substances of Very High Concern

*3 **China's Provisions on Environmental Administration of New Chemical Substances:** a law prescribing the management of chemical substances produced in and imported to China

*4 **CLP regulation:** Regulation on Classification, Labelling and Packaging of Substances and Mixtures, a law stipulating the classification and labeling of dangerous and hazardous substances and mixtures

*5 **Taiwan's Guidance for Existing Chemical Substance Nomination:** a system for the collection of information on chemical substances produced in, imported to and sold in Taiwan before the end of December, 2010

*6 **HPLC:** High Performance Liquid Chromatography, an analysis method based on the different time taken by different chemical substances to pass out of the stationary phase

Activities to reduce substances of concern

The Yazaki Group has launched a program to totally abolish the use of Deca-BDE, a specific brominated flame retardant*9 contained in its products. Deca-BDE has been identified as carcinogenic by the United States Environmental Protection Agency. The US plans to phase out the use of Deca-BDE domestically and has been promoting activities to terminate the manufacture, import and sale of products containing the substance at major US chemical-related enterprises by the end of 2013. In Europe, use of the substance has been regulated under the RoHS Directive*10 since July 2008. These moves signify a wider global movement toward reducing Deca-BDEs.

In accordance with this global trend, the Yazaki Group has been working to completely abolish the use of these substances, aiming to use an alternative flame retardant in both new and conventional products by June 2012.

Reducing VOC emissions at production sites

The Yazaki Group is committed to preventing air pollution by reducing emissions of suspended particulate matter, and VOCs*11, which can cause the generation of photochemical oxidants.

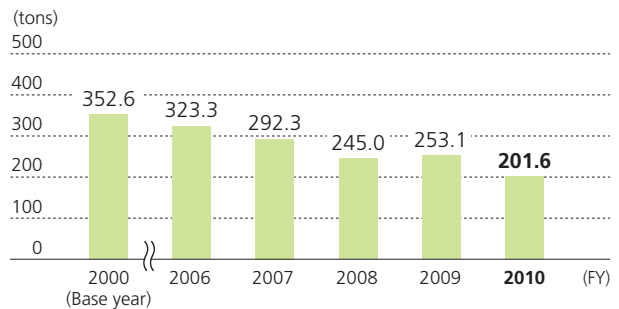
The revised Air Pollution Control Act enforced in April 2006 specifies that mandatory regulations on on-site VOC emissions be combined with voluntary emissions reduction measures by companies and industrial associations.

In response, the Yazaki Group decided to decrease its VOC emissions by 30% relative to 2000 by 2010 based on the voluntary action plans set by the Japan Auto Parts Industries Association and the Japanese Electric Wire & Cable Makers' Association, with which Yazaki has close relations through its business operations.

In fiscal 2010, the target year, we brought our VOC emissions down to 201.6 tons, 43% less than the base year level. This result was achieved thanks to VOC emission reduction activities, including the introduction of VOC-removal equipment at the Ohama Factory, which emitted relatively high volumes of VOCs. We have now raised our target and seek to decrease VOC emissions by 5% (on a

per-unit basis) relative to 2010 by 2015 and are committed to making ongoing efforts in this regard.

VOC emissions (domestic sites)



Note: The base year level was changed from 415.4 tons to 352.6 tons as it was found that some substances were not released to the atmosphere due to heat decomposition.

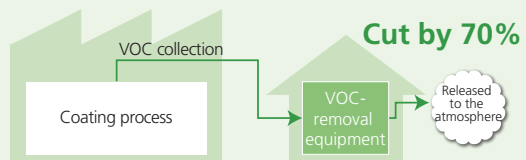
TOPICS

Reducing VOC emissions to the atmosphere by introducing VOC-removal equipment

The Ohama Factory (in Kakegawa City, Shizuoka Prefecture, Japan), which produces automotive parts, uses volatile organic solvent in the coating process to protect electronic substrates.

The factory has worked on reducing VOC emissions by introducing equipment that collects and removes volatile organic solvent in the coating process. As a result, it can reduce its VOC emissions to the atmosphere by 9.5 tons annually. This means the concentration of organic solvent is also decreased, creating a better working environment for employees.

Conceptual diagram of VOC elimination



*7 **Precision analysis:** a quantitative analysis using a gas chromatograph mass spectrometer
 *8 **XRF:** X-ray fluorescence analysis, an analysis method that measures substance-specific X-ray fluorescence generated when a sample is irradiated with X-rays
 *9 **Specific brominated flame retardant:** a bromine series flame retardant that is restricted under the European RoHS Directive. The name is a generic term for PBB (polybrominated biphenyl) and PBDE (polybrominated diphenyl ether).

*10 **RoHS:** Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment, a European restriction
 *11 **VOC:** volatile organic compounds



Prevention of Global Warming

Yazaki is continuously working to achieve CO₂ emissions reduction targets at all business sites and divisions.

Fiscal 2010 Initiatives

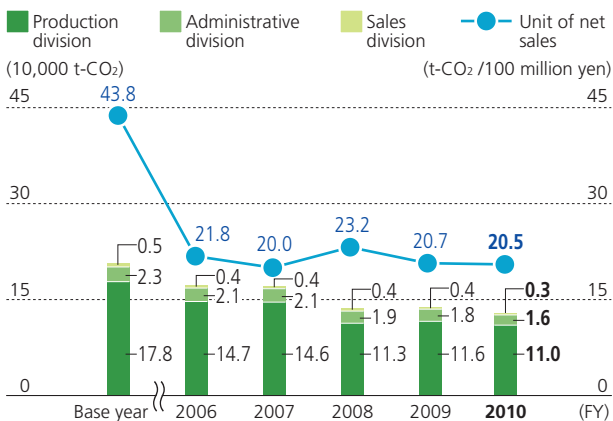
- 1 Reduced CO₂ emissions in Japan to 129,000 tons (37% reduction from the base year level)
- 2 Yazaki Parts decreased its per-unit energy consumption for transportation by 12%. Yazaki Electric Wire cut the same by 0.7%.

CO₂ emissions reduction activities (in Japan)

Yazaki has been fostering CO₂ emissions reduction activities across the Group to achieve the target of reducing its average CO₂ emissions over the five years from 2008 to 2012 by 15% from the base year level.

In fiscal 2010, we cut our CO₂ emissions down to 129,000 tons, 37% less than the base year level and a decrease of 9,000 tons relative to the previous fiscal year, by promoting energy-saving activities. CO₂ emissions per unit of net sales came to 20.5 t-CO₂/100 million yen, almost the same level as the previous fiscal year.

Changes in CO₂ emissions (Japan)



Note: Change in the base year figures
Upon reviewing the previous records, the base year levels for the production and sales divisions have been revised.

Fostering green transportation

In fiscal 2004, we began asking our logistics subsidiaries and partner carriers to cooperate with us in alleviating our environmental impact with respect to the transportation of parts, materials and products. Specifically, by tracking fuel consumption by company and transportation method, we

are implementing measures to improve our transportation efficiency, including the promotion of a modal shift and joint transportation with other companies. In particular, Yazaki Parts and Yazaki Electric Wire, who are "Specified Consigners"^{*1} under the Act on the Rational Use of Energy, set the target to reduce their per-unit energy consumption by 1% relative to the previous fiscal year and have been committed to reducing their transportation frequency through joint transportation and cutting back on regular transportations.

In fiscal 2010, Yazaki Parts reduced its per-unit energy consumption by 12% from the previous fiscal year by reducing production transportations through consolidation of production bases and warehouses and by using BDF^{*2}.

In fiscal 2009, Yazaki Electric Wire increased its per-unit energy consumption due to an increase in the frequency of long-distance haulage. In fiscal 2010, it decreased its per-unit energy consumption by 0.7% from the previous fiscal year by improving loading efficiency through the effective use of containers and increasing consolidated transportations.

TOPICS

Increasing loading efficiency through distribution efficiency improvement

Yazaki Electric Wire, which develops, designs and manufactures various types of electric wires, has been actively addressing the improvement of distribution efficiency as a Specified Consigner under the Act on the Rational Use of Energy.

Because of truck cargo loading restrictions which disallowed cargo piling, the company suffered low loading efficiency (Photograph 1). In collaboration with Sho Transportation, it responded by creating cradles (Photograph 2) to make efficient use of space and improve loading efficiency. As a result, Yazaki Electric Wire succeeded in reducing both its CO₂ emissions and distribution costs.



Photograph 1: before improvement



Photograph 2: after improvement

*1 **Specified Consigner:** a consigner that transports more than 30 million tons kilometer of cargo annually ("Consigner" refers to the cargo owner or a vendor to whom the cargo is consigned by the owner.)

*2 **BDF:** biodiesel fuel, a generic term for plant-based fuels for diesel engines
* Please visit our website for actual examples of activities to reduce CO₂ emissions.



Management of Waste

Promoting zero landfill waste and 100% effective use of recycled resources, Yazaki is aiming to create a recycling-based society.

Fiscal 2010 Initiatives

- ① Reduced waste generation to 4,971 tons (48% reduction from the base year level)
- ② Achieved zero landfill waste at all production sites in Japan for the fifth consecutive year
- ③ Achieved zero landfill waste at the sales and administrative divisions

Toward the achievement of zero landfill waste

In its effort to foster a recycling-based society, the Yazaki Group has continued its 5R initiatives: Reduce, Reuse, Recycle, Repair, and Refuse (to buy non-recyclables). By practicing the 5Rs, we are fostering waste reduction activities to reduce landfill waste to zero*1.

We first achieved zero landfill waste emissions at all domestic production sites*2 in fiscal 2006 and have continued to do so over the five consecutive years since. Our manufacturing subsidiaries, with the exception of one company, have all achieved and sustained zero landfill waste. The lone manufacturing subsidiary that

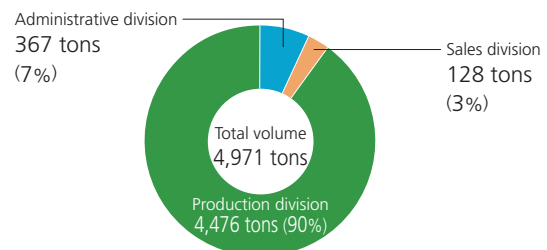
generated landfill waste analyzed the causes and took countermeasures. To prevent recurrence, the countermeasures are applied at all other manufacturing sites as well.

Thanks to a lot of hard work, the sales and administrative divisions of Yazaki successfully achieved their goal of "zero landfill waste by fiscal 2010."

Yazaki plans to review its systems in order to maintain zero landfill waste at all divisions in fiscal 2011.

At the same time, all divisions are implementing measures to achieve their own individual targets. In fiscal 2010, the total amount of waste generated was reduced by 48% from the base year level to 4,971 tons, and by 467 tons, or 9%, compared to the previous fiscal year through the reuse of waste liquid and revision of waste sorting standards.

Breakdown of waste volume by division



TOPICS

1. Zero acid waste emissions from the coating process at the Tenryu Factory

The Tenryu Factory (in Hamamatsu City, Shizuoka Prefecture, Japan) cleans its coating processing facility approximately once every six weeks. During the cleaning, all circulating water in the facility has to be drained. Since the circulating water contains acids, the water was previously treated as waste acid*3 before being drained. In collaboration with a cleaning company, the factory addressed the reuse of the circulating water by temporarily storing it in a tanker truck during cleaning and returning it to the facility after.

As a result, the Tenryu Factory no longer emits acid water, cutting its annual waste emissions by 70 tons.



Circulating water in the coating process

2. Thorough sorting of molded plastic samples in the development division

The Advanced Materials R&D Center (Y-CITY in Susono City, Shizuoka Prefecture, Japan) used to dispose of molded plastic samples. The center has now revised its sorting standards to separate the samples into six categories by material and shape, making it possible to sell them.

Consequently, the center reduced its waste emissions by 15 tons or 39% from the previous fiscal year.



Sorting by employees

*1 **Zero landfill waste:** the condition in which the total amount of industrial and general waste (excluding human waste) disposed to landfill is zero (as defined by Yazaki)

*2 **All domestic production sites:** includes the Haibara Factory

*3 **Waste acid:** a type of industrial waste; a generic term for waste acidic liquid and water



Environmentally Friendly Design

Yazaki is fostering environmentally friendly design across its development division by formulating its own eco-design criteria.

Fiscal 2010 Initiatives

- 1 Promoted environmentally friendly design within both the Automotive Sector and the Life Environmental Sector

Fostering environmentally friendly design

The Yazaki Group has been working across the development division to reduce environmental impacts and add more value to its products at the design stage by formulating its own criteria for environmentally friendly design.

In fiscal 2010, we conducted a pilot evaluation of the main products made by each section in the development division with the aim of introducing a more quantitative evaluation method based on the guidelines on environmental performance indicators for products^{*1} set by the Japan Auto Parts Industries Association.

We are determined to develop better-performing products that contribute to the further reduction of environmental impacts by including the evaluation method in the eco-design criteria and using it to evaluate all of our products.

In the following, we introduce some of the environmentally friendly products that we developed or released in fiscal 2010.

Automotive Sector

Example 1 Voltage monitoring unit for lithium-ion battery cells

One of the Yazaki Group's efforts to improve the performance, reliability and convenience of electric vehicles (EVs) and PHVs^{*2} is the provision of technological support for batteries.

Lithium-ion batteries installed in cars must have high specific energy and stable charge-and-discharge capabilities. In fiscal 2010, the Yazaki Group developed a voltage monitoring unit for lithium-ion batteries using its unique technologies in collaboration with carmakers, battery producers and semiconductor manufacturers. By monitoring the batteries, the unit enables high voltages to be supplied to vehicles in a safe and stable manner. In addition, the introduction of voltage detection ICs^{*3} made lighter, more compact electronic units possible.

The Yazaki Group will continue to contribute to

reducing environmental impacts through the supply of parts for eco-friendly vehicles.



Voltage monitoring unit for lithium-ion battery cells

Example 2

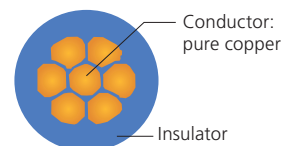
Automotive PVC electric wires^{*4} that meet an ISO standard

Until recently, creating thinner PVC electric wire was considered a difficult task as a thinner insulator meant a significant reduction in abrasion resistance and fuse compatibility as well as lower extruding workability.

Yazaki developed a new PVC insulator material that maintains abrasion resistance, fuse compatibility and other features. It also established suitable extruding technologies to produce the material.

Consequently, Yazaki succeeded in reducing the thickness of the insulator by approximately 35% and cutting the total weight of the wire by more than 20%. This is the first time Yazaki has satisfied the ISO standard for PVC electric wire.

Cross section of a PVC electric wire



Example 3

Map lamp

Yazaki succeeded in reducing the weight of its map lamp by 38%^{*5} by using thinner components and decreasing the number of parts. At the same time, it improved usability by increasing the size.

The use of thinner components had previously caused concerns about impaired design functionality and assembly difficulties. Yazaki resolved these problems by reviewing the shapes and optimal forming conditions in the design and shaping processes.



The weight of the map lamps was reduced by 38%.

*1 Environmental performance indicators for products: enable quantitative comparison of the environmental impact and value (functions and performance) of new and old products

*2 PHVs: plug-in hybrid vehicles

*3 IC: Integrated circuit

*4 PVC electric wires: electric wires with a polyvinyl chloride (vinyl chloride, PVC) insulator

*5 Weight reduction figure estimated by expanding designed side

Example 4

Combination switch

When incorporating combination switches into cars, automakers formerly discarded the latches that prevent rotation. Yazaki changed this by modifying the part design to include a built-in automatic locking mechanism, simultaneously improving assembly workability and waste reduction. In addition, an improved surface treatment agent applied to the electronic substrates eliminated the need for masking, reducing waste generated in the plating processes. Repetitive trials involving 3D simulations for each part enabled Yazaki to reduce the switch's weight with no loss of strength while enhancing design and operability.



Combination switch

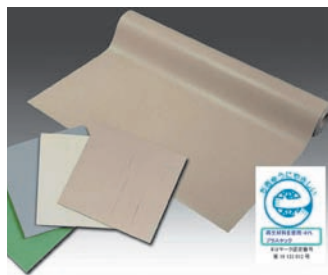
Life Environmental Sector

Example 5

Developing the first conductive floor material to be given the Eco Mark

Acemic is a conductive floor material used on semiconductor packaging lines and in clean rooms to eliminate static electricity that can damage ICs and LSIs^{*6}.

Newly added features include the use of PVC scrap materials at a proportion of over 15%^{*7}, long durability (more than 20 years), and the total elimination of substances of concern, such as cadmium and lead. Such highly rated features have made Acemic the first conductive floor material certified with the Eco Mark, the official label to certify environmentally friendly products in Japan. Furthermore, lifetime CO₂^{*8} emissions for the new product have been cut by 20 to 40%, as compared to conventional products.



Acemic was approved to display the Eco Mark.

Example 6

Ultrasonic gas meter for city gas

Yazaki's Ubiquitous Meter UH6, an ultrasonic gas meter for city gas, was redesigned with a much more compact size and a considerably lighter weight than the conventional

film type of city gas meter. It now shares almost the same design as the U-Smart ultrasonic LP gas meter.

Moreover, to improve ubiquity and respond to the need for improved safety and convenience, Yazaki equipped the gas meter with public wireless wide area network connectivity.



Ubiquitous Meter UH6, the ultrasonic gas meter for city gas

Example 7

LP gas leak detector for household use

Yazaki has obtained approval to attach the Eco Mark to its YF-434F LP gas leak detector for household use. The detector's highly rated features include a low rate of normal power consumption of 1.0 W or less (during monitoring) and the elimination, with the exception of lead, of substances of concern from its parts. In addition, the detector's alarm sounds at low frequencies, making it easier for elderly people to hear.

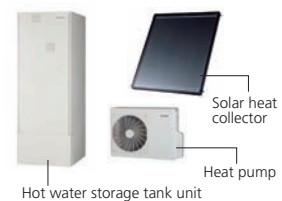


YF-434F LP gas leak detector for household use

Example 8

Eco Cute Solar Heat hot water service

Yazaki's Eco Cute Solar Heat hot water service derives 80% of the energy it needs to supply an entire household with hot water from renewable sources such as thermal and solar power. Further recent improvements include reducing the weight by approximately 16% and cutting standby electricity consumption by approximately 14%. These were achieved by eliminating the service's automatic hot water supply and heat-retention functions for baths and reducing it to a single function, namely, the supply of hot water, in order to minimize temperature fluctuations. This has made it easier for households that use electric water heaters taking advantage of cheaper midnight electricity to replace their water heaters with the Eco Cute Solar Heat, contributing to even greater power saving.



^{*6} LSI: ICs consisting of 1,000 to 100,000 elements

^{*7} Conductive Tile Acemic SCT uses scrap materials at a proportion of 40% while the figure for Conductive Sheet Acemic SAS is 20%.

^{*8} Lifetime CO₂: total CO₂ emitted during the entire life cycle of a building, from construction (including the manufacture of materials) to demolition



Environmental Communication

Yazaki is building better relations with society through social contribution activities.

Fiscal 2010 Initiatives

- ① Issued the Social & Environmental Report and site reports
- ② Held stakeholder meetings at production sites in Japan
- ③ Participated in various exhibitions, including the Eco-Products exhibition

Issuing the Social & Environmental Report

In order to disclose information and ensure accountability to our stakeholders, the Yazaki Group started issuing its Social & Environmental Report in fiscal 2002. In addition to publishing an English version of the report, we took the added step of posting relevant information on our website in fiscal 2008 in order to reach even more of our stakeholders.

All domestic production sites^{*1} have published their own site reports since fiscal 2005 to keep local residents informed of our business activities. We also use these site reports as an important tool in reviewing our environment conservation activities. In line with our aim to issue site reports at our sites overseas in the future, we created a global reporting guideline in fiscal 2010.

Holding stakeholder meetings

With the aim of linking mutual communication between Yazaki and its stakeholders to the improvement of its business activities, Yazaki regularly holds stakeholder meetings at all production sites in Japan. We regard these meetings as important as they allow stakeholders from various areas to deepen their understanding of our site activities while giving us a chance to hear what our stakeholders have to say about the company.

Washizu Factory in Kosai City, Shizuoka Prefecture held its third stakeholder meeting on February 23, 2011, inviting representatives from community associations, educational institutions, local government, the local chamber of commerce and other institutions. At the meeting, the factory introduced its business and environmental conservation activities, and engaged attendees in discussions concerning the challenges

Yazaki should set itself in the future. Participants asked a number of questions on employment and countermeasures against the predicted Tokai earthquake.



Factory tour

TOPICS

Yazaki's corporate advertising recognized with the Nikkei BP Environmental Award and Excellent Business Expert Award

Yazaki is committed to addressing the environmental issues that are becoming increasingly urgent in our rapidly developing world. Our steadfast attitude is expressed in our corporate advertising campaign, "slow but steady environmental activities," a familiar sight to any bullet train passenger. The lead role in the campaign was played by Kamechiyo, a female Mexican river turtle, who was given the part only after a tough audition. The advertisements give voice to our belief that the best way to achieve something in today's world is to follow the example of the slow but ultimately successful tortoise from the famous Aesop fable and work slowly and persistently toward a specific goal.

The campaign marked our first attempt to promote Yazaki's corporate image while also introducing our products, including our absorption type air-conditioning equipment.

In fiscal 2010, Yazaki won both the Nikkei BP

Environment Award and the Excellent Business Expert Award in the 17th Nikkei BP Advertising Awards, organized and hosted by Nikkei Business Publications, Inc. In presenting the awards to Yazaki, the judges praised the "true-to-life narrative and unique, eye-catching visuals" and "the compelling depiction of the company's sincere attitude and [the ad's] ability to appeal to viewers" but noted that, in the end, "it was the adorable turtle that cinched it."



"Slow but steady environmental activities" ad featuring Yazaki's solar panels

*1 All domestic production sites: includes the Haibara Factory

Towards safe and comfortable eco-driving

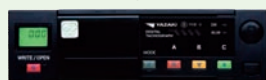


Yazaki offers a range of energy-saving and super highly accurate transportation products. Among these the most widely used in Japan and overseas is our digital tachographs, which help promote eco-driving and reduce CO₂ emissions.

Tachographs that support the management of safe driving

In 1960, Yazaki was the first company to commercially release tachographs in Japan. Despite initial difficulties in convincing the transportation industry of the advantages they offered, our tachographs eventually gained traction for their ability to help manage the safe driving of trucks and buses. In 1962, use of the devices really took off with the introduction of legislation requiring their installation. Since then, while continuing to work on technological development, Yazaki, which commands the leading share of the Japanese market, has expanded its installation and repair service network to allow it to effectively respond to the full range of our customers' needs and inquiries.

Yazaki recently developed digital tachographs, which digitally record driving information (such as time, distance and speed) for unified computer-based management, facilitating a greater level of cost savings and safe driving. Moreover, the installation of Real Time Instructions, a program based on Yazaki's unique AI method*¹ that instructs drivers on accelerator use and exact timing of gear shifts, has improved fuel efficiency significantly compared to conventional devices and further contributed to eco-driving.



Digital tachographs

*1 **AI (artificial intelligence) method:** an analysis method aided by a computer program that learns from experience

Supporting eco-driving in Thailand with digital tachographs

As part of efforts to help achieve the goal to reduce greenhouse gas emissions by 25% from the 1990 level by 2020, which the administration of former Prime Minister Hatoyama included in its manifesto for COP15*², the Japanese Ministry of Economy, Trade and Industry launched a project to promote the spread of technologies to counter climate change. This project is an FS investigation*³ aiming to produce bilateral (or multilateral) carbon credits by promoting the sharing of Japan's green products and clean technologies with developing countries.

Yazaki started participating in this project in 2010 with an investigation into reducing CO₂ by promoting eco-driving in Thailand through the use of digital tachographs. The investigation focused on the following four points: (1) verification of the feasibility of the plan to reduce CO₂ emissions, (2) calculation of the base level and development and verification of the automatic data calculation methodology, (3) investigation of the viability by a local freighter, and (4) verification of cost-benefit performance, safety measures and other items. In collaboration with five local freighters in Thailand, Yazaki equipped 25 diesel trucks with digital tachographs and provided eco-driving instructions to each monitored vehicle. It found that this improved fuel efficiency by approximately 18% on average and reduced annual per-truck CO₂ emissions by 8.76 tons.

We intend to extend this program to Vietnam and Indonesia to further promote eco-driving and the accompanying environmental benefits.

*2 **COP15:** a conference held in Copenhagen, Denmark from December 7 to 18, 2009 with the aim of building a global consensus on the curbing of greenhouse gas emissions

*3 **FS (feasibility study) investigation:** an investigation into the viability of a newly planned project

Repaying Thailand with support for safe driving and environmental protection

In tandem with its exploding economic growth, Thailand has been experiencing rapid progress in the motorization of society. The high frequency of traffic accidents caused by overloaded vehicles and tired drivers is indicative of the speed of change, which has often outpaced safety and environmental measures. Against this background, we initially had a hard time getting drivers to use our digital tachographs and cooperate with our eco-driving initiatives, and not just because of language and cultural barriers. However, by physically getting into their

trucks and persisting in our efforts to talk to them, we eventually developed a mutual understanding such that Thai drivers have now actively embraced the eco-driving concept.

Next year marks the 50th anniversary of the Yazaki Group in Thailand. By promoting our eco-driving program, which we believe will form a firm basis for future safe driving and environmental initiatives, we hope to go some way to repaying Thailand for its half century of support.



Hiroki Mizuno (left) and Itthiphon Thammasan from YIC-AP

VOICE



Global Environmental Management

All regions work together for globally common issues while initiating unique activities.

Fostering global environmental management in consideration of local characteristics

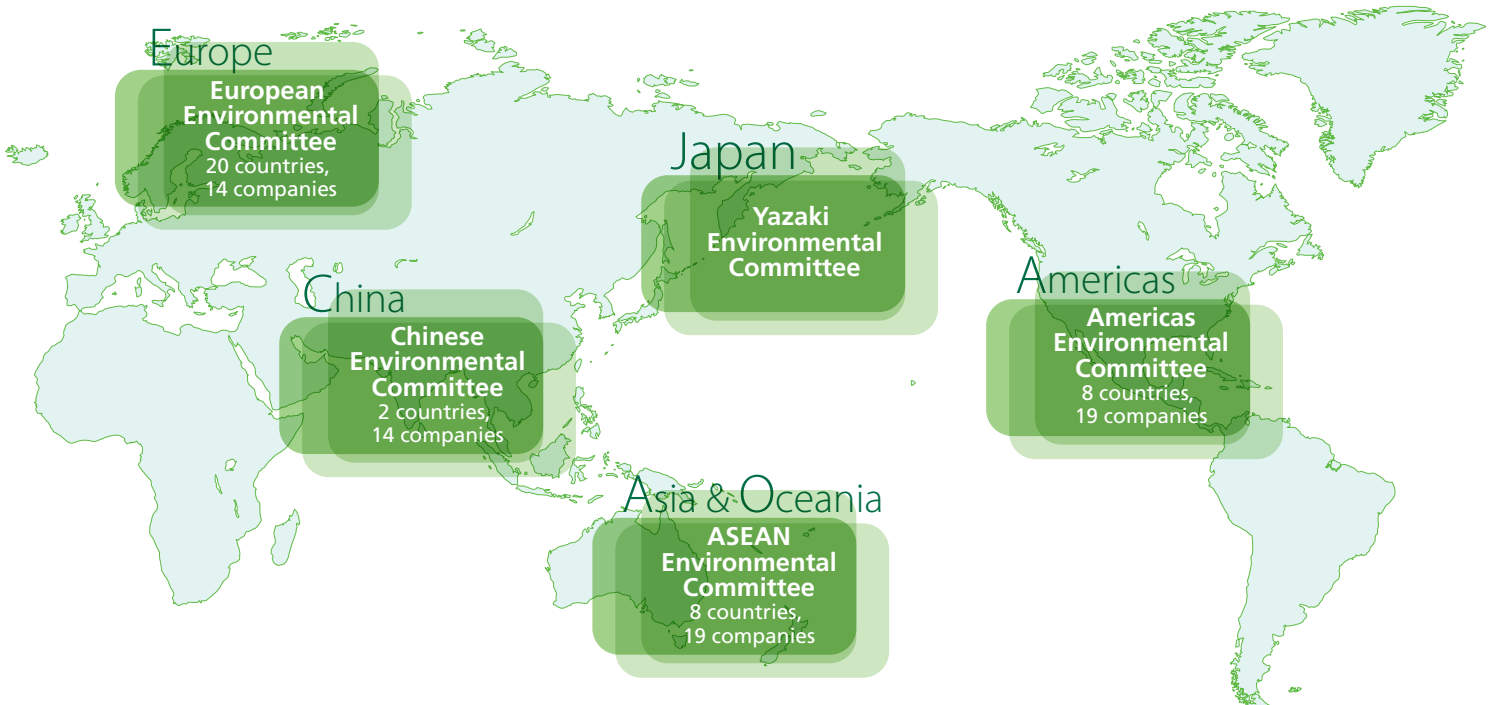
The Yazaki Group manufactures and sells a range of automotive parts and other products in 39 countries including Japan. In line with our Corporate Policy, "A Corporation in Step with the World; A Corporation Needed by Society," we are fulfilling our corporate responsibilities by ensuring we meet the expectations and requests of stakeholders all over the world.

The Yazaki Group has divided its global operations into the following geographic regions and is fostering the acquisition of ISO 14001 certifications in each: the Americas, Europe, China, ASEAN, and Japan. At the same time, the Group is making efforts for the appropriate

management and improvement of its ISO 14001-compliant environmental management systems. In each of its regional divisions, Yazaki Group companies have set unique targets in consideration of local laws, cultures and customs, while staying true to the shared ideas upheld in the Yazaki Global Environment Charter (see page 23) and Yazaki Environmental Plan (see page 24).

In order to tackle global environmental issues such as climate change and the management of substances of concern, among others, globally-harmonized initiatives are required. During fiscal 2010, we identified those issues for targeting and strengthened regional cooperation by establishing a global environmental management structure. We will continue these efforts over the coming years.

Environmental Committees at each region



Global Conference on the Environment

With the aim of strengthening regional cooperation and sharing information, we regularly hold a Global Conference on the Environment (GCE). During fiscal 2010, the GCE was held three times (July and November 2010, and February 2011). A total of 10 participants (one environmental regional representative and one environmental director from each of the five regions) worked together to establish the future course of the Group's environmental actions.

Currently, the GCE is focusing on three issues: climate change, compliance with environmental laws and regulations, and management of substances of concern. With regard to the first, a tentative CO₂ reduction target for each region was established. For the second, extensive surveys were conducted to clarify the departments and personnel responsible for ensuring compliance with environmental laws. Similar activities were conducted for the management of substances of concern.

The Yazaki Group will continue to hold the GCE periodically to establish a more robust global environmental management system.

Strengthening regional EMSs

In order to continuously improve regional EMSs, each of the five regions hold periodic environmental committee meetings. During fiscal 2010, each region held an annual meeting to check the progress of globally common initiatives as well as regionally unique initiatives. (Please see the table below for the dates.)

Fiscal 2010 meeting dates of regional environmental committees

Region	Dates of the meeting
Americas	July 20–21, 2011
Europe	May 10–11, 2011
China	June 30, 2010
ASEAN	January 20, 2011
Japan	May 23, 2011

For instance, the ASEAN region launched an initiative to strengthen its EMS to assure compliance with environmental laws and regulations, as this is fundamental to its business. Specifically, environmental representatives for each country and site were assigned to collect information on applicable laws. One of the companies in the region also issued an environmental report to enhance communication with stakeholders.



APL (Australia)
Sustainability Report

Collection of environmental data

The Yazaki Group operates across a network of 162 companies in 39 countries. We are working to collect accurate environmental data in a timely and effective manner.

The Americas region has created a unique environmental information and performance system to collect a variety of data. In fiscal 2010, the European region also adopted this system. The data collection system was also strengthened to capture occupational safety and health data.

TOPICS

ISO 14001/OHSAS 18001 third-party audit at TYC in Taiwan

On September 6, 2010, an ISO 14001/OHSAS 18001 third-party audit was conducted at TYC and two nonconformities were identified (one with respect to the ISO 14001 internal audit and one concerning a failure to conduct a fire prevention inspection).

The responsible departments investigated the root causes and implemented corrective actions. Employees were also informed of the issue to raise their awareness and enhance both management systems.



Regional Environmental Activities

We are engaged in a variety of environmental activities that protect nature and enrich local communities.

Case 1 CCC (USA)

Trash collection in forests

Six employees from CCC joined a forest protection activity in the city of Traverse, Michigan, USA. The event was hosted by Little Traverse Conservancy, a local environmental non-profit organization. CCC's employees spent the day collecting trash and clearing paths of debris so that a wooded nature preserve could be opened to the public for the enjoyment of all.

Yazaki employees will continue to actively participate in these activities.



Employees collecting trash

YRL also established a project team to ensure all employees were aware of safety rules and their designated cleanup area so that they could collect trash in a safe and effective manner. YRL's employees collected as much as 3,500 kg of waste in a single day.



YRL employees participating in a cleanup activity

Case 2 TAP (Thailand)

Using canvas bags and saying goodbye to plastic bags

TAP's Bang Phli factory held an environmental campaign titled "Use Canvas Bags and Say Goodbye to Plastic Bags" during Environment Month (June 2011). With the aim of reducing waste, employee-designed canvas bags were provided to all employees to encourage them to stop using plastic bags when doing their daily grocery shopping.



Employees with the canvas bags

Case 4 Tochigi Factory (Japan)

Inviting employees' children to the factory

On July 28, 2010, employees at Tochigi Factory brought their children to work so that they could learn about their parents' jobs. The children came to the plant with the parents, participated in the morning exercises and saw the factory and their parents' workplaces. They also enjoyed making wooden chopsticks and touring the factory's natural surroundings.



Children making chopsticks

Case 3 YRL (Romania)

Cleanup activity by 280 employees

Romania's Environment Ministry hosted cleanup activities across the country in collaboration with local authorities, garbage collectors, recyclers, advertising agencies, and a large number of volunteers. To raise the awareness of its employees, YRL immediately drew up an action plan to enable it to participate in the program on a volunteer basis, with the result that a total of 280 employees from YRL joined the campaign on September 25, 2010.

Case 5 HZY (China)

Participating in a cleanup activity

The city of Hangzhou has been promoting cleanup activities with the aim of becoming the cleanest city in China. As part of this, the 11th Cleanup Campaign was implemented in the Hangzhou Economic Development Zone on April 25, 2011. As a company upholding the policy of being in step with its local community, HZY joined the activity, working in a team to collect trash and clean signs along 17th Avenue.

HZY's employees will continue to participate in cleanup activities to help create a healthier environment.



Employees participating in cleanup activity



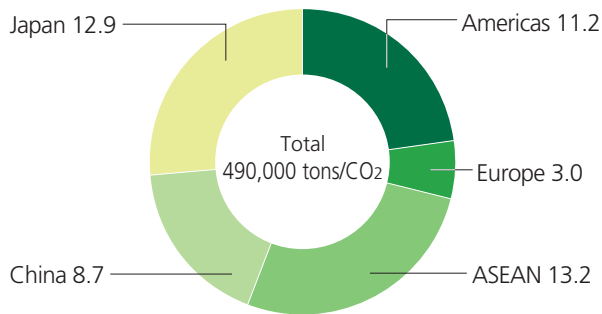
Environmental Performance Data

The Yazaki Group collects environmental data to promote environmental initiatives globally.

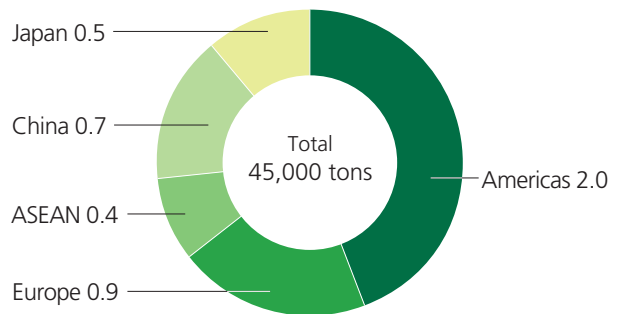
In fiscal 2010, the Yazaki Group increased its CO₂ and waste emissions and its water consumption compared to fiscal 2009. This was primarily due to the increase in production volume in China and the ASEAN region, and the expanded scope of management within the Chinese region.

Each region has been actively implementing different environmental initiatives including energy conservation and waste recycling. Successful initiatives are shared with all of the five regions to boost environmental initiatives globally.

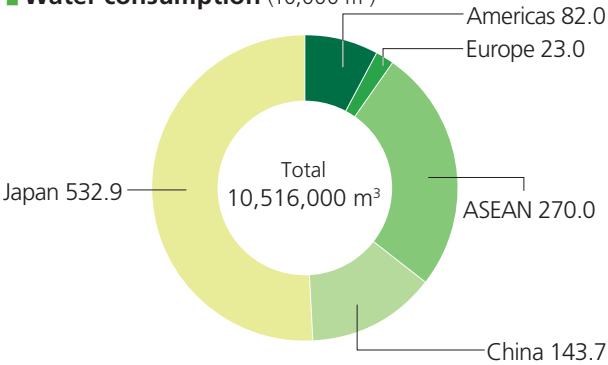
CO₂ emissions (10,000 tons/CO₂)



Waste emissions (10,000 tons)



Water consumption (10,000 m³)



Note 1: Data collection periods are July 2010 to June 2011 for the Japanese, Chinese, Americas and European regions and January to December 2010 for the ASEAN region.

Note 2: Figures for China and the Americas contain some estimated values.

Note 3: A summary of our fiscal 2010 environmental performance data is available at our corporate website.

TOPICS

Environmentally friendly factory in Morocco

Yazaki Kenitra S.A. in Morocco, a factory that primarily manufactures wire harnesses, is carefully designed to minimize environmental impacts.

It has installed photovoltaic panels that generate solar energy around the facility, including on exterior lighting posts. In addition, the facility utilizes natural airflow for ventilation, uses rain water and reuses gray water. All of these contribute to reducing energy and water consumption significantly and help the factory achieve environmentally friendly production.



Solar tube supplies sunlight to illuminate the factory.

List of contents included in this booklet and posted on the website

Details of the Yazaki's Groups social and environmental contribution activities not included in this booklet can be found our website.

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Report Outline (Editorial policy)			●	
Company Overview			●	
Business Segments			●	
To Our Stakeholders: A Message from the President			●	
Towards Thorough Compliance			●	
In Collaboration with Our Stakeholders				
Responsibilities toward Customers	Initiatives for Increasing Customer Satisfaction	Basic Approach to Fulfill Our Responsibilities to Customers	●	
		Automotive Sector	●	
Life Environmental Sector		●		
Responsibilities toward Business Partners	Seeking Mutually Beneficial and Harmonious Relationships	The Yazaki Supplier General Meeting	●	
		Briefing Session on Management and Disposal of Industrial Waste	●	
		Briefing Session on Quality Assurance	●	
Responsibilities toward Employees	Recruitment and Promotion	Basic Personnel Policies	●	
		Supporting Senior, Experienced Workers	●	
		Employment of Workers with Disabilities and Expanding the Scope of Positions Offered	●	
		Global Recruitment		●
	Human Resources Development	A Transparent, Easily Understood Employee Evaluation System	●	
		Summer Camp that Provides Children with Learning Opportunities	●	
		Yazaki Corporate Culture Training	●	
		Promoting Communication between Employees and the President and Chairperson	●	
		Adventure School		●
		Overseas Trainee Program		●
		Yazaki Global Leadership Program		●
	Creating an Employee-Friendly Workplace	Promotion of Work-Life Balance	●	
		Action Plan for Yazaki and General Business Owners		●
		Enhancing Trust between Workers and Management	●	
	Occupational Safety and Health (Risk Management)	Yazaki Group's Safety, Health and Disaster Prevention Activity	●	
Objectives for Safety, Health, and Fire and Disaster Prevention Activities (FY 2010)			●	
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Accident Severity Rate		●		
Safety Education		●		
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Caring for Mental and Physical Health		●		
Supporting Risk Management for Employees Transferred to Overseas		●		
Responsibilities toward Local Communities	Communication with Stakeholders	Supported Various Environmental Programs as an Eco-Partner of Shimizu S-Pulse	●	
		BOOK MAGIC: Transforming Unwanted Books into Much-Needed Funds	●	
		Active Participation in Various Exhibitions to Improve the Group's Brand Image	●	
Special Feature on the 70th Anniversary: Tracing the Origin and History of Yazaki's Environmental Efforts			●	
To Our Stakeholders: A Message from the Chairperson			●	
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			●	
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		Environmental Accounting	●	
		Utilizing the Environmental Data	●	
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	Management of Chemicals	Management and Reduction of Chemical Substances Contained in Products	●	
		TOPICS: Development of Simplified Analysis Method to Identify Specific Brominated Flame Retardants Using Ultrasonic Extraction and HPLC	●	
		Reducing VOC Emissions at Production Sites	●	
	Prevention of Global Warming	TOPICS: Reducing VOC Emissions to the Atmosphere by Introducing VOC-Removal Equipment	●	
		CO ₂ Emissions Reduction Activities (in Japan)	●	
		Fostering Green Transportation	●	
		TOPICS: Increasing Loading Efficiency through Distribution Efficiency Improvement	●	
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		Toward the Achievement of Zero Landfill Waste	●	
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		Environmental Performance Data	●	
	Environmental Performance Data	Examples of Various Activities for Reducing CO ₂ Emissions, Waste and Water Consumption		●
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			●	
List of contents included in this booklet and posted on the website			●	●
Third Party Comments	Third Party Comments		●	
	Responding to the Third Party Comments on the Social & Environmental Report 2010	●		

Third Party Comments

Prof. Satoshi Chikami

Nihon Fukushi University, Graduate School of International Social Development



Temporary member, General Policy Subcommittee, Central Environmental Council Committee member, Nagoya Open University of the Environment

Research focus: regional environmental planning, environmental education, environmental management in developing regions, and regional planning. Prof. Chikami specializes in empirical studies in the development of sustainable societies through the integration of natural and social sciences. In Japan, he has initiated the development of regional environmental plans that utilize natural, social and human resources specific to a particular region. He has participated in several projects aimed at facilitating collaboration between citizens, corporations and communities. He is also actively involved in social development planning in Asia. Most recently, in rural Laos, where slash and burn agricultural practices are common, he studied practical methods for forest renewal and river delta management and has introduced innovations to living environments and small business development.

The 2011 report highlights the Yazaki Group's broad technologies used in various areas while concisely and transparently summarizing its corporate responsibilities and steady achievement of environmental management.

■ **Balancing tradition with innovation—Yazaki's DNA**

As described in the Special Feature on the 70th Anniversary: Tracing the Origin and History of Yazaki's Environmental Efforts (page 20), the Yazaki Group has always considered the environment and the effective use of resources in conducting its business, which largely consists of activities aimed at achieving greater connectivity for cars, living environments, society and among people (pages 5–6). As stated in the President's Message, the company is committed to developing new technologies and continuing the search for the ideal mix of energy while ensuring it remains fresh and contemporary. In my opinion, it is Yazaki's corporate DNA, as expressed in its efforts to maintain an appropriate balance between continuation with the past and innovation into the future, that make it "A Corporation Needed by Society."

■ **Clear targets and achievement evaluation—environmental management** (pages 24–26)

The Yazaki Environmental Plan concisely summarizes the Group's wide-ranging environmental targets and their progress status. The targets for fiscal 2011 have been set based on the progress achieved in fiscal 2010, indicating that the PDCA cycle is functioning appropriately. I expect that by properly managing its progress, the Group will achieve its targets for items newly added for this fiscal year. I also anticipate Yazaki will set ambitious new targets for the next stage, since it has already attained the targets set for most of the items.

■ **Progress in global environmental management** (pages 35–38)

Under the Corporate Policy, "A Corporation in Step with the World," Yazaki reinforced its environmental management system not only domestically but also globally, which is fitting for a global enterprise that manufactures and sells its products in 39 countries worldwide. It is noteworthy that it institutionalized its Global Conference on the Environment to clarify responsibilities and set regional targets for reducing CO₂ emissions by fiscal 2020. The commendable corporate stance of the Yazaki Group is evident in the global efforts made by Yazaki Corporation to fulfill its corporate social responsibilities. These efforts include environmental contribution activities in various regions of the world and the creation of sustainability reports by AAPL.

■ **Yazaki faces up to its responsibilities to employees** (pages 15–18)

Yazaki has been working steadily to promote work-life balance and provide job satisfaction and better working conditions to its employees, whom it considers to be important stakeholders. The number of employees who took childcare and nursing care leave has been increasing significantly for two years, indicating that the company is responding to the needs of employees who are raising children by developing a system that offers more assistance than the bare minimum stipulated by law. It also indicates an atmosphere in which employees feel free to avail themselves of the system without hesitation.

■ **"VOICE" sections provide a window onto real employees** (pages 13 and 34)

In addition to the regular "TOPICS" sections, this year's report includes a number of "VOICE" sections, which offer firsthand accounts of various activities and aptly convey the enthusiasm of the employees involved.

■ **In conclusion**

The huge earthquake that hit northeastern Japan changed our society in ways we could not have foreseen. Last year's Social & Environmental Report provided considerable detail about the Yazaki Group's disaster response planning. The groupwide efforts made under ordinary circumstances at all production sites and administrative departments served to limit the damage suffered by the Group in the wake of the earthquake.

This year's report describes in detail efforts to ensure future compliance, including the development of systems and training of employees, in response to the cease and desist order imposed on Yazaki for violations of the Antitrust Law. In the future, I hope Yazaki will work harder to make its actions better reflect its Corporate Policy, "A Corporation Needed by Society."

Responding to the Third Party Comments on the Social & Environmental Report 2010

Prof. Chikami has provided us with third party comments since fiscal 2008. As always, we are grateful for his extremely valuable observations. In his comments on the fiscal 2010 report, in addition to the praise offered for much of the content, the professor voiced his hope that we would achieve further globalization of our environmental management and social contribution as well as actively disclose information on these activities. In response to this, in fiscal 2010 Yazaki launched its Global

Conference on the Environment hosted by its environmental division to promote better management. Furthermore, the Social & Environmental Report 2011 improved information disclosure by increasing the number of pages devoted to global management and providing readers with additional material on our website and intranet. We aim to provide high quality communications and hope to receive further feedback on this report from both inside and outside the company.

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